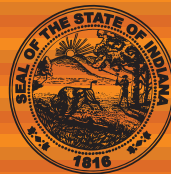


# Practical Money Skills for Life™

## Teacher's Guide



From the office of  
**Indiana Secretary of State**  
**Todd Rokita**

**INDIANA**  
INVESTMENT WATCH

# appendix

## supplementary resources



In an effort to have the most up-to-date information when teaching and making personal financial decisions, the following lists of periodicals and organizations can enhance your use of *Practical Money Skills*.

### periodicals

One of the best ways to keep up to date with current developments in the areas of money management and personal finance is through current magazines, newsletters, and other publications. The following are some of the most useful.

**Bottom Line/Personal**

Box 1027  
Milburn, NJ 07041  
[www.boardroom.com](http://www.boardroom.com)

**Consumers Digest**

5705 North Lincoln Avenue  
Chicago, IL 60659  
[www.consumersdigest.com](http://www.consumersdigest.com)

**Forbes**

60 Fifth Avenue  
New York, NY 10011  
[www.forbes.com](http://www.forbes.com)

**Kiplinger's Personal Finance**

1729 H Street, NW  
Washington, DC 20006  
[www.kiplinger.com](http://www.kiplinger.com)

**Smart Money**

224 West 57th Street  
New York, NY 10019  
[www.smartmoney.com](http://www.smartmoney.com)

**The Wall Street Journal**

200 Burnett Road  
Chicopee, MA 01020  
[www.wsj.com](http://www.wsj.com)

**Business Week**

1221 Avenue of the Americas  
New York, NY 10020  
[www.businessweek.com](http://www.businessweek.com)

**Consumers Reports**

Consumers Union  
101 Truman Avenue  
Yonkers, NY 10703-1057  
[www.consumerreports.org](http://www.consumerreports.org)

**Fortune**

Time & Life Building  
Rockefeller Center  
New York, NY 10020-1393  
[www.fortune.com](http://www.fortune.com)

**Money**

Time & Life Building  
Rockefeller Center  
New York, NY 10020-1393  
[www.money.com](http://www.money.com)

**U.S. News & World Report**

2400 N Street, NW  
Washington, DC 20037-1196  
[www.usnews.com](http://www.usnews.com)

**Worth**

575 Lexington Avenue  
New York, NY 10022  
[www.worth.com](http://www.worth.com)

## appendix free and inexpensive publications

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### **sources of free and inexpensive publications**

Many instructional materials available for teaching personal finance and money management may be obtained at no cost or very low cost. Contact the following government agencies and organizations to obtain information about the publications they have available.

Frequently, copies of various free publications may be obtained for each student in your class; contact the organization regarding availability. Also, since organizations continually add or delete publications, most organizations have a current catalog or publication list available.

**American Association  
of Retired Persons**

Attention: Consumer Affairs  
601 E Street, NW  
Washington, DC 20049  
[www.aarp.org](http://www.aarp.org)

**American Bar Association**

Public Education Division  
750 North Lake Shore Drive  
Chicago, IL 60611

**American Stock Exchange**

Attention: Education Department  
86 Trinity Place  
New York, NY 10006  
[www.amex.com](http://www.amex.com)

**Board of Governors**

Publications Services  
Washington, DC 20551  
[www.federalreserve.gov](http://www.federalreserve.gov)

**Chicago Board of Trade**

Attention: Education Department  
LaSalle at Jackson  
Chicago, IL 60604  
[www.cbot.com](http://www.cbot.com)

**Chicago Mercantile Exchange**

Attention: Education Department  
30 South Wacker Drive  
Chicago, IL 60606  
[www.cme.com](http://www.cme.com)

**Consumer Information Center**

Pueblo, CO 81009  
[www.pueblo.gsa.gov](http://www.pueblo.gsa.gov)

**Council of Better Business Bureaus**

4200 Wilson Boulevard  
Arlington, VA 22203-1804  
[www.cbbb.org](http://www.cbbb.org)

**Credit Union National Association**

Box 391  
Madison, WI 53701-0391  
[www.cuna.org](http://www.cuna.org)

**Federal Deposit Insurance Corp.**

Attention: Office of Consumer Affairs  
550 17th Street, NW  
Washington, DC 20429  
[www.fdic.gov](http://www.fdic.gov)

**Federal Trade Commission**

Bureau of Consumer Protection  
Office of Consumer/Business Education  
Washington, DC 20580  
[www.ftc.gov](http://www.ftc.gov)

**Health Insurance Association of America**

1025 Connecticut Avenue, NW  
Washington, DC 20036-3998

**Insurance Information Institute**

Education Department  
110 William Street  
New York, NY 10038

## appendix free and inexpensive publications

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**Internal Revenue Service**

Attention: Taxpayer Education  
1325 K Street, NW  
Washington, DC 20225  
[www.irs.ustreas.gov](http://www.irs.ustreas.gov)

**Investment Company Institute**

1600 M Street, NW, Suite 600  
Washington, DC 20036

**Jump\$tart Coalition**

919 18th Street, 3rd Floor  
Washington, DC 20006  
[www.jumpstartcoalition.org](http://www.jumpstartcoalition.org)

**Mutual Fund Education Alliance**

1900 Erie Street, Suite 120  
Kansas City, MO 64116

**National Foundation for  
Consumer Credit**

8611 2nd Avenue, Suite 100  
Silver Spring, MD 20910  
[www.nfcc.or](http://www.nfcc.or)

**National Institute for  
Consumer Education**

559 Gary M. Owen Building  
300 W. Michigan Avenue  
Eastern Michigan University  
Ypsilanti, MI 48197  
[www.nice.emich.edu](http://www.nice.emich.edu)

**New York Stock Exchange**

Education Department  
11 Wall Street  
New York, NY 10005  
[www.nnyse.com](http://www.nnyse.com)

**Securities and Exchange Commission**

Office of Public Affairs  
Washington, DC 20549  
[www.sec.gov](http://www.sec.gov)

**Social Security Administration**

6401 Security Boulevard  
Baltimore, MD 21235  
[www.ssa.gov](http://www.ssa.gov)

# Practical Money Skills

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teacher's guide





# Practical Money Skills

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## teacher's guide

|                     |                                    |
|---------------------|------------------------------------|
| <b>introduction</b> | overview, instructional strategies |
|---------------------|------------------------------------|

|                   |                  |
|-------------------|------------------|
| <b>lesson one</b> | making decisions |
|-------------------|------------------|

|                   |              |
|-------------------|--------------|
| <b>lesson two</b> | making money |
|-------------------|--------------|

|                     |                      |
|---------------------|----------------------|
| <b>lesson three</b> | the art of budgeting |
|---------------------|----------------------|

|                    |                    |
|--------------------|--------------------|
| <b>lesson four</b> | living on your own |
|--------------------|--------------------|

|                    |               |
|--------------------|---------------|
| <b>lesson five</b> | buying a home |
|--------------------|---------------|

|                   |                  |
|-------------------|------------------|
| <b>lesson six</b> | banking services |
|-------------------|------------------|

|                     |              |
|---------------------|--------------|
| <b>lesson seven</b> | about credit |
|---------------------|--------------|

|                     |              |
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| <b>lesson eight</b> | credit cards |
|---------------------|--------------|

|                    |                |
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| <b>lesson nine</b> | cars and loans |
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|                   |                              |
|-------------------|------------------------------|
| <b>lesson ten</b> | the influence of advertising |
|-------------------|------------------------------|

|                      |                    |
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| <b>lesson eleven</b> | consumer awareness |
|----------------------|--------------------|

|                      |                      |
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| <b>lesson twelve</b> | saving and investing |
|----------------------|----------------------|

|                        |            |
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| <b>lesson thirteen</b> | in trouble |
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|                        |                        |
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| <b>lesson fourteen</b> | about consumer privacy |
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| <b>appendix</b> | supplementary resources |
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# Practical Money Skills

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introduction



overview



# introduction an overview of the instructional package

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## an overview of the instructional package

Throughout life we face numerous personal finance choices and decisions. For some of us, the process of making decisions is at best haphazard. Yet analyzing a situation, identifying our choices, and making informed decisions are processes that can be learned and practiced.

*Practical Money Skills* is a multimedia instructional package designed to provide an interesting, entertaining, and challenging way to learn and apply decision-making skills. The information is divided into three age groups: teenagers, young adults, and adults. *Practical Money Skills* is designed to teach all three groups how to set long- and short-term personal and financial goals; create and work with a personal budget; identify how and when to use credit; save and invest; and understand the basics of banking services.

Additionally, *Practical Money Skills* offers adults insights on behaviors and situations that can lead to a financial downswing; clues to recognize when a budget is in trouble; and the options available with a failing budget.

The *Practical Money Skills* curriculum contains a Teacher's Guide that provides educators with an outline of goals, lesson objectives, suggested resources, teaching notes, and a chart indicating the appropriate age groups for the key learnings offered in each lesson. The Teacher's Guide corresponds with student materials found on a CD-ROM, including overheads, lesson quizzes, and student activities. *Practical Money Skills* also includes a video, designed to spark classroom conversations, and a second CD-ROM, which includes an interactive game, a quiz, budget worksheets, and loan and interest calculators.

## using Practical Money Skills in your classes and in your community

Learning does not take place just in the classroom. "The world is your classroom" is true not only for traditional-age students but also for students of every age. Each day we have the opportunity to expand our awareness and knowledge of personal financial decision making. *Practical Money Skills* can easily be adapted for use in a wide variety of instructional settings.

### in-school use

The materials in this package may be used in high schools, colleges, and adult education programs. The instructional activities can be easily adapted to consumer education, personal finance, social studies, economics, business education, and family living courses. These resources may be used for one or all of the following approaches:

- class assignments in existing courses
- units of study in existing courses
- self-contained courses to enhance student knowledge of money management and personal financial decision making

### community use

In our dynamic world, learning is a life-long process. *Practical Money Skills* can also be easily adapted to community seminars and workshops. Libraries, park districts, community centers, churches, and other organizations may use these materials to offer programs related to personal financial decision making.

# introduction an overview of the instructional package

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## the teacher's guide and student activities

The teaching curriculum consists of fourteen lessons designed to augment a semester course in life skills, consumer awareness and financial management. The Teacher's Guide, compiled in a separate, easy-to-use notebook, includes an outline of the curriculum:

- goals
- lesson objectives
- suggested resources
- teaching notes
- chart indicating appropriate age groups for the key learnings offered in each lesson

The Teacher's Guide corresponds with student materials, found on the Lesson Plan CD-ROM, including:

- black-line print masters for overheads and handouts
- paper-based activities
- answer keys to paper-based activities (when necessary)

To make the Teacher's Guide a quick, easy-to-use guide, we've developed icons that will give you visual reference as to which activities appear in each lesson.



Directions



Discussion



CD-ROM Activity



Overhead



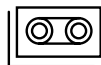
Quiz



Student Activity



To Do



Video Case Study



Web Activity

## instructional tracks

The instructional activities in each lesson are “tracked” to the needs of specific audiences. These items are indicated in a matrix based on the following suggested age groups:



**Teenagers**  
(ages 14-18)



**Young Adults**  
(ages 19-35)



**Adults**  
(over age 36)

As you will note, many of the resources and activities may be used to meet the needs of all learning groups.

# introduction an overview of the instructional package

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## lessons and goals

Each lesson in the teaching package has a different goal:

- 1 Making Decisions**  
Provide an understanding and an awareness of the factors that can influence decisions, introduce basic decision-making methodologies, and provide structured practice in analyzing a problem, identifying options, and making a decision.
- 2 Making Money**  
Show how to recognize and identify some of the real and hidden costs and benefits of working, tips if starting a new career and providing practice reading and interpreting pay stubs.
- 3 The Art of Budgeting**  
Assist in identifying and prioritizing personal and financial goals, create a plan to achieve those goals, and provide practice setting up and maintaining a personal budget.
- 4 Living on Your Own**  
Help students understand the costs of living on one's own, provide practice in setting up budgets that include such costs, and develop the skills and knowledge necessary to interpret and evaluate lease and rental agreements.
- 5 Buying a Home**  
Give students a basic understanding of the process and costs involved with home buying.
- 6 Banking Services**  
Provide practice in comparing and evaluating various banking services including checking and savings accounts, ATM/check cashing cards, and online banking. Perform the tasks associated with maintaining checking and savings accounts.
- 7 About Credit**  
Provide an awareness and understanding of what credit is and of the rights and responsibilities of using credit.
- 8 Credit Cards**  
Develop skills to compare and evaluate the terms and conditions of various credit cards, and understand the legal and financial responsibilities involved.
- 9 Cars and Loans**  
Investigate the legal and financial responsibilities of buying, maintaining, insuring, and operating a car, and translating those responsibilities into a monthly budget.
- 10 The Influence of Advertising**  
Recognize how and when advertising techniques can influence buying decisions.
- 11 Consumer Awareness**  
Combine decision-making methods with comparative-shopping techniques, recognize common consumer scams, and provide the knowledge and skills necessary to effectively handle consumer complaints.
- 12 Savings and Investing**  
Introduce the advantages and disadvantages of common savings and investment vehicles, and show the short- and long-term effects of various savings and investment choices.
- 13 In Trouble**  
Analyze the behaviors and circumstances that can lead to financial trouble and identify some of the options available to a person in financial trouble.
- 14 About Consumer Privacy**  
Provide consumers with a general overview and awareness of privacy issues that impact their lives.

# introduction using Practical Money Skills

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## developing a financial plan

Each day we make many personal and financial decisions. One way to organize these activities is with the use of a personal financial plan. The following list of steps can be used to create and implement a personal financial plan. Various lessons from *Practical Money Skills* are suggested for use in each phase of the personal financial planning process.

- **Phase 1: Determine your current financial position.**  
Awareness of your current financial status is the starting point of personal financial planning. The process starts with developing a list of items owned (assets) and amounts owed (liabilities). In addition, list your income and spending habits for several months. Lessons 1-4 in *Practical Money Skills* can be helpful in this phase.
- **Phase 2: Set financial goals.**  
In this stage of financial planning, short-term, intermediate, and long-term financial goals are formulated based on your current financial position and household situation. Lessons 1, 3, and 4 in *Practical Money Skills* can be helpful.
- **Phase 3: Identify and evaluate courses of action.**  
Decide what actions need to be taken regarding spending, saving, using credit, buying insurance, making investments, and planning for retirement. Lessons 5-11 in *Practical Money Skills* can be helpful.
- **Phase 4: Implement plans of action.**  
At this point, you put your decisions into action. Start using your budget, purchase needed insurance, reduce your credit card debt, start an investment program, and get a will. These are some of the examples of financial planning activities that you may believe to be appropriate for your life situation. Lessons 5-11 in *Practical Money Skills* can be helpful.
- **Phase 5: Review your financial progress.**  
Check the current status of your assets and liabilities. Determine if your spending and saving habits have met the expectations that were set. Revise your financial goals for the future. Lessons 1, 3, 4, 12, and 13 in *Practical Money Skills* can be helpful.

## supplemental components

- **Teaching Video**  
The teaching video is designed to spark classroom discussions on a variety of financial situations. The video is separated into three case studies that correlate with the teaching curriculum. The Teacher's Guide indicates appropriate segues to utilize the video. The following is a breakout of what topics are covered in each video case study:

### Video Case Study A: Randy's Wheels

Siblings Randy, Alex, and Christina discuss the concept of budgeting and getting a paycheck.

- **Lesson 2:** Making Money
- **Lesson 3:** The Art of Budgeting
- **Lesson 12:** Saving and Investing

### Video Case Study B: Alex's New Car

Alex wants to buy a car and discusses the facts with little brother Randy.

- **Lesson 1:** Making Decisions
- **Lesson 6:** Banking Services

# introduction using Practical Money Skills

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- **Lesson 7:** About Credit
- **Lesson 9:** Cars and Loans
- **Lesson 13:** In Trouble

## **Video Case Study C: Christina's Apartment**

Christina wants to move into an apartment. She discusses the true costs of living on your own with friend Carla.

- **Lesson 1:** Making Decisions
- **Lesson 4:** Living on Your Own
- **Lesson 11:** Consumer Awareness

At the conclusion of each video case study there is a series of questions to help educators facilitate a meaningful conversation with students about the content covered in the teaching curriculum. Following are the video case study questions:

### **Questions for Case Study A:**

Randy was on the right track with his budget plans.

- What basic guidelines did he follow?
- What are the major things you should know about a budget?
- What should Alex know about his paycheck?
- What are “payroll deductions”?
- Figure out how much you would “take home” after taxes, if you were making:
  - \$12.00 an hour
  - \$8.00 an hour
  - \$6.00 an hour
- Discuss when young people should start learning about finances?
- When should you start learning about money?
- Who should teach you?

### **Questions for Case Study B:**

Alex is taking the first step in buying a car. He found his dream machine with a wild sound system.

- Discuss how these other things might affect his plans:
  - Down payment – What is it? Why do you need it?
  - Car loans – How do you know a good deal? Why?
  - What is a “co-signer” on a loan?
- What other services do banks offer?
  - What’s a checking account?
  - How is it connected to an ATM card?

# introduction using Practical Money Skills

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What's a savings account?

What is direct deposit?

What's the difference between a debit and a credit card?

Insurance

What kinds of rates do you think Alex will get?

- If Alex makes \$8.00 an hour, working 5 days a week for 7 hours a day, how much does he make?
- Can he afford?
  - Car payments?
  - Gas?
  - Insurance?

## Questions for Case Study C:

Christina has big plans for life after school. Job, apartment, college. Let's go over some things she'll need to consider.

- Renting an apartment.
  - What else will Christina pay besides rent?
  - What's the difference in a rental application and an apartment lease?
- What does good credit matter?
- What are some ways to establish "good" credit?
- What are some things that result in "bad" credit?
- Applying for a job.
  - What are the legal working ages and hours?
  - What is minimum wage?
- Practice interviewing for a job. Change roles...be the boss, then be the applicant.

## ■ CD-ROM

For the first time, *Practical Money Skills* includes the teaching curriculum on a CD-ROM and a second CD-ROM that provides an interactive, fun way to learn. Money Management Intelligence Game (MMI) is an exercise in financial decision making in an exciting game format. In addition, the game CD-ROM contains a quiz show that tests students' financial savvy and provides a loan and credit calculator as well as a series of budget worksheets. The game CD-ROM is appropriate to use as an in-class activity lab, in teams, or as a take-home assignment. The Teacher's Guide indicates appropriate lessons to utilize the CD-ROM.

## ■ Appendix: Supplementary Resources

Lists periodicals and organizations that may be used to obtain updated information related to the lessons of *Practical Money Skills*.

## using the internet with *Practical Money Skills* and personal financial planning

The Internet makes it possible to access more information from your home or office than most libraries. You may use the Internet for a variety of decision making and personal financial planning activities, including: **1)** researching current financial information; **2)** obtaining programs to do financial planning calculations; **3)** monitoring current stock and investment values; and **4)** asking questions of experts and others through help lines, bulletin board services, and discussion forums.



### **WWW. useful web sites**

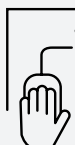
Some of the most useful Web sites providing current information on various personal finance topics include:

|                                     |  |
|-------------------------------------|--|
| Cable News Network                  | <a href="http://www.cnnfn.com/index.html">www.cnnfn.com/index.html</a>                               |
| Center for Financial Well Being     | <a href="http://www.healthycash.com/center">www.healthycash.com/center</a>                           |
| Federal Reserve System              | <a href="http://www.federalreserve.gov">www.federalreserve.gov</a>                                   |
| FinanCenter                         | <a href="http://www.financenter.com">www.financenter.com</a>   |
| "The Motley Fool"                   | <a href="http://www.fool.com">www.fool.com</a>   |
| National Consumers League           | <a href="http://www.nclnet.com">www.nclnet.com</a>   |
| Quicken Web Site                    | <a href="http://www.quicken.com">www.quicken.com</a>   |
| Standard and Poor's Personal Wealth | <a href="http://www.personalwealth.com">www.personalwealth.com</a>                                   |
| Visa                                | <a href="http://www.visa.com">www.visa.com</a><br><a href="http://www.rankit.com">www.rankit.com</a> |

Additional Web sites are offered at the start of each lesson to help teachers and students obtain current information.

# introduction using the internet

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## **WWW. using search engines**

A search engine is a Web site that allows a user to locate information related to specific topics. Some of the most commonly used search engines include:

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**www.altavista.digital.com**

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**www.northernlight.com**

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**www.excite.com**

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**www.search.com**

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**www.hotbot.com**

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**www.snap.com**

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**www.infoseek.com**

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**www.webcrawler.com**

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**www.lycos.com**

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**www.yahoo.com**

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## **search suggestions**

Various search engines operate in different manners and provide various features. Some search engines look for topic areas; others seek specific words. When conducting Web searches, be precise with your descriptive words. For example, use “mortgage rates” instead of “interest rates” to obtain information on the cost of borrowing to buy a home. Use “resumes” instead of “career planning” for assistance on developing a personal data sheet. Searches may also be focused using the following notations:

- **“consumer credit”** (as your search descriptors)  
will give you every document containing the words “consumer” or “credit.” This resulted in more than 9,000,000 Web sites using an AltaVista search.
- **consumer+credit**  
will provide documents containing both “consumer” and “credit.” This resulted in 28,300 Web sites in an AltaVista search.
- **“consumer credit laws”**  
will provide a more precise search of documents about consumer credit laws. This resulted in 218 Web sites in an AltaVista search.

## **Practical Money Skills curriculum update**

This instructional unit was expanded and updated by Dr. Les Dlabay, Associate Professor of Business, Lake Forest College, Lake Forest, Illinois. Dr. Dlabay has taught more than 30 different business courses in high school, college, university, adult education, and teacher preparation programs. He has conducted workshops and seminars for teachers in more than 20 states. Dr. Dlabay is co-author of *Personal Finance*, Fifth Edition, published by Irwin/McGraw-Hill. Previous editions of this book have been used at more than 600 colleges and universities. He is also author of *Business in a Global Economy*, published by ITP/South-Western Educational Publishing. Dr. Dlabay may be contacted via email at dlabay@LFC.edu. Judith Cohart, as Director of Education/Training for the National Foundation for Consumer Credit, reviewed the materials and provided guidance for the revisions. She has extensive expertise in program development for adult education and has taught at both the high school and college level.

# Practical Money Skills

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introduction



instructional strategies



## instructional strategies for Practical Money Skills

While *Practical Money Skills* contains overheads, handouts, and paper-based activities as well as a video and CD-ROM, the following activities can enhance your curriculum and stimulate student interest and learning.

### 1. Visually Enhanced Lectures

The use of visual materials (transparencies, slides, videos, advertisements, and packages) related to various personal financial topics can increase student awareness and understanding of major concepts. Use flowcharts or other illustrations to show the relationship of new topics to other components. In addition, students should be encouraged to ask questions, provide examples, and discuss various personal finance topics.

### 2. Effective Questioning

To improve instructional interaction, students should be encouraged to think and formulate questions. Guidelines for asking better questions include:

- **AVOID** questions that can be answered “yes,” “no,” or with a short answer
- Start questions with “What?,” “Why?,” and “How?,” and ask about relationships among various topics
- **AVOID** questions aimed at only one portion of the class
- Use sequential questions; vary question length and difficulty
- **AVOID** double-barreled and multiple questions that can confuse the major issues being considered
- Use tugging questions such as “What else?” or “Who else?” to encourage and expand thought
- **AVOID** questions that seek one “correct” answer

### 3. Collaborative Learning

Small group activities, with three to five students, can encourage students who might not talk in a large class. Small groups can be useful for solving case problems, doing field research, and presenting oral reports. Some suggestions for using small groups include:

- Have students analyze current personal finance articles, advertisements, or other information.
- Have students create a short presentation (oral report, written report, newsletter for the school, poster, or bulletin board display) that informs other class members about some aspect of money management decisions.
- Have students develop lists, examples, sample survey questions, or interview questions related to personal finance topics.

# introduction instructional strategies

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## 4. Posters and Bulletin Boards

Have students prepare a visual presentation related to some aspect of personal finance such as: wise use of credit, selecting an investment, planning a budget, comparing insurance policies, or planning a career.

## 5. Community Resource People

In-class guest speakers and student interviews with community people can effectively enhance the learning environment. Some suggestions for community resource people include:

- financial planner, credit counselor, or investment advisor to talk about money management and financial planning
- human resource manager, employment agency representative, career planning director, or former students to talk about career planning
- tax preparers, accountants, or local tax assessor office representative to talk about taxes
- banker, credit union representative, credit manager, or credit counselor to talk about financial services and consumer credit
- apartment manager, real estate agent, or mortgage loan officer to talk about housing
- insurance agent or claims adjuster to talk about insurance
- stock broker, investment counselor, or investment company representative to talk about investments
- Social Security Administration representative, employee benefits administrator, investment advisor, or attorney to talk about retirement and estate planning

## 6. Case Situations and Presentations

Case situations can be an effective method for expanding student interest and knowledge. Cases based on current articles or real-life situations can be used for class discussions, in-class presentations, or small group exercises.

**A framework for the analysis of cases might include:**

- an overview of the current situation
- listing of concerns, problems, and related issues
- identifying alternate courses of action
- evaluating alternatives based on short-term and long-term consequences
- selection and implementation of a course of action
- discussion of future concerns resulting from actions taken

Students should be encouraged to go beyond the obvious (surface-level) information from a case situation in an attempt to understand long-term consequences and societal implications.

**7. Audio-Visual and Multimedia Materials**

Videos (such as the one included), films, and slide presentations can provide examples as well as stimulate discussion on various personal-finance topics.

**8. Role Playing**

Have students dramatize what might occur as a result of various financial decision-making situations such as impulse buying, applying for credit, selecting a fraudulent investment, or driving without auto insurance.

**9. Article Summary and Analysis**

Have students prepare a short summary (three to five sentences) of an article along with an analysis of how the information will affect business, consumers, workers, and others in various countries. A suggested format might include:

- Title, author, source, date, pages
- Topic area such as: taxes, money management, consumer credit, insurance, investments, retirement planning, career planning
- Summary: three to five sentences presenting the main facts of the article
- Analysis: discuss possible effects of the information for (a) individuals, (b) the economy, (c) workers, and (d) others
- Other questions related to this topic area

**10. Current Personal Finance Topic Research Paper**

Have students research a current topic related to money management and personal financial decision making, and prepare a written report. Topics may include:

- Using a financial planner vs. doing your own financial planning
- How do economic conditions affect financial planning?
- What are the tax benefits of owning your own business?
- Does advertising influence the overuse of consumer credit?
- Electronic banking services
- Selling your own home
- Types of mortgages
- The cost of automobile insurance for young drivers
- Do all tenants need renters' insurance?
- Methods to reduce medical and health care costs
- Making international investments
- Investing in gold and other precious metals
- The future of Social Security
- Where are the best places to retire?
- Who needs a will?
- Is an individual retirement account a good investment?

# introduction instructional strategies

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## 11. Scrapbook Journal of Key Concepts

Have students collect news articles, advertisements, packages, brochures, and other information that provide examples of money management and personal financial decision-making concepts. Prepare a list of key terms (such as Annual Percentage Rate, individual retirement account, stock exchange, excise tax, liquid assets, certificate of deposit, trust, collectibles, municipal bond, bodily injury liability) and have students find examples of these concepts.

## 12. Interview

Have students interview a person familiar with some aspect of money management or personal financial decision making. Students might videotape the interviews for presentation in class.

## 13. Student-Created Videos

Have students create a video presentation (with a story, music, and other special effects) demonstrating one of the following topics:

- Problems of poor money management
- Selecting a career
- Poor interviewing techniques
- Applying for a loan
- Selecting a used car
- Shopping for life insurance
- Comparing mortgages
- Avoiding problems when doing your taxes

## 14. Student-Created Newsletter

Using desktop publishing software, have students research, write, edit, design, and publish a newsletter with various money management tips and personal finance news. The newsletter should also include graphics and could be distributed to other students and parents through the public library and on a Web site.

## 15. Identify Personal Finance Career Opportunities and Prepare Personal Data Sheet

Have students list skills and experiences they believe would be necessary to work in a personal finance career (financial planner, loan officer, credit counselor, investment broker, insurance agent, real estate agent, accountant). Using a job advertisement from the newspaper, *The Wall Street Journal*, or other business source, have students develop a letter that could be used to apply for this position in the future. In addition, have students prepare a personal data sheet with their current educational background, organizational skills, and work experience.

**16. Research Personal Finance Information on the Internet**

Using a search engine such as AltaVista ([www.altavista.digital.com](http://www.altavista.digital.com)), Hotbot ([www.hotbot.com](http://www.hotbot.com)), InfoSeek ([www.infoseek.com](http://www.infoseek.com)), Lycos ([www.lycos.com](http://www.lycos.com)), Webcrawler ([www.webcrawler.com](http://www.webcrawler.com)), or Yahoo ([www.yahoo.com](http://www.yahoo.com)), have students research information about one of the following: career planning, consumer credit, taxes, budgeting, investing, buying insurance, or planning for retirement. Have students write a summary of the information obtained as well as an assessment of the Web sites visited.

**17. Monitor Economic Indicators**

Using the information in the business section of the daily newspaper, *The Wall Street Journal*, or a Web site such as [www.yahoo.com/business\\_and\\_economics/](http://www.yahoo.com/business_and_economics/), have students monitor the current levels of consumer prices, interest rates, and unemployment. Have students suggest how these economic indicators might affect personal financial decisions.

**18. Monitor the Stock Market**

Have students select a company and record the stock price for several weeks, and create a graph. Have students prepare a summary of factors that may have affected changes in the value of the stock.



# lesson one

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## making decisions



teacher's guide

*"Our lives are a sum of the  
choices we have made."*

- Dr. Wayne Dyer





## **WWW. web sites for making decisions**

The Internet is probably the most extensive and dynamic source of information in our society. The following Web sites can provide students and others with current information, assistance, and data related to this lesson. Web addresses ending in “.com” are commercial; “.org” are nonprofit; and “.gov” are government.

|   |  |
|---|--|
| Budgeting Information                   | <a href="http://www.lifeadvice.com">www.lifeadvice.com</a>   |
| CNN Financial News                      | <a href="http://www.cnnfn.com/index.html">www.cnnfn.com/index.html</a>   |
| Consumer Price Index & Inflation Data   | <a href="http://www.bls.gov/csxhome.htm">www.bls.gov/csxhome.htm</a><br><a href="http://www.stls.frb.org/fred/data/cupdate.html">www.stls.frb.org/fred/data/cupdate.html</a> |
| Federal Reserve Bank – New York         | <a href="http://www.ny.frb.org">www.ny.frb.org</a>   |
| Financenter                             | <a href="http://www.financenter.com">www.financenter.com</a>   |
| Goal Setting Tips                       | <a href="http://www.networth.quicken.com">www.networth.quicken.com</a>   |
| Kiplinger's Personal Finance Magazine   | <a href="http://www.kiplinger.com">www.kiplinger.com</a>   |
| Money Magazine                          | <a href="http://www.money.com">www.money.com</a>   |
| Motley Fool                             | <a href="http://www.fool.com">www.fool.com</a>   |
| National Center for Financial Education | <a href="http://www.ncfe.org">www.ncfe.org</a>   |
| National Consumers League               | <a href="http://www.nclnet.com">www.nclnet.com</a>   |
| Quicken                                 | <a href="http://www.qfn.com">www.qfn.com</a>   |
| Smart Money Magazine                    | <a href="http://www.smartmoney.com">www.smartmoney.com</a>   |
| Standard & Poors Personal Finance Site  | <a href="http://www.personalwealth.com">www.personalwealth.com</a>   |
| U.S. Federal Reserve System             | <a href="http://www.federalreserve.gov">www.federalreserve.gov</a>   |
| Visa                                    | <a href="http://www.visa.com">www.visa.com</a><br><a href="http://www.rankit.com">www.rankit.com</a>   |

**Note:** Addresses and content of Web sites change, and new sites are created daily. Use search engines such as Yahoo, AltaVista, Infoseek, Lycos, or Hotbot, to update and locate Web sites related to this topic.

# **making decisions** lesson outline

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## **overview**

Each day, we all make many decisions. Most decisions are simple, such as “what should I wear?” or “what should I eat?” Other decisions are more complex, such as “should I buy a new or used car?”

As decision-making skills are used and improved, a person’s quality of life is enhanced. Wiser choices result in better use of time, money, and other resources.

This introductory lesson provides students with an opportunity to learn more about decision making. The lesson starts with an overview of the decision-making process followed by a discussion of various internal and external factors that affect decisions.

People are usually not aware of economic influences that can affect decision making. These economic factors include inflation, interest rates, and the unemployment rate. Also, common risks associated with decision making are commonly not considered. Students should also be aware of opportunity cost—what a person gives up when a decision is made.

Finally, the lesson concludes with strategies for analyzing the results of decision making. Students are encouraged to consider their experiences in an effort to improve the quality of future decisions.

## **goals**

Provide an understanding and an awareness of the factors that can influence decisions, introduce basic decision-making methodologies, and provide structured practice in analyzing a problem, identifying options, and making a decision.

## **lesson objectives**

- Identify decisions
- Identify the steps in the decision-making process
- Identify and explain factors that can affect the decision-making process, and give examples of decisions that have been influenced by one or more of these factors
- Identify and explain frequently used decision-making strategies, and give examples of when these strategies have been used
- Analyze influences of economic conditions on personal and financial decisions
- Identify risks and opportunity costs associated with personal and financial decisions
- Practice making decisions using a decision-making diagram

## **overheads**

- 1-A** The Decision-Making Process
- 1-B** Factors That Can Influence a Decision
- 1-C** Common Decision-Making Strategies
- 1-D** Economic Influence on Decision Making
- 1-E** Risks Associated with Decision Making
- 1-F** Opportunity Costs & the Time Value of Money

# making decisions lesson outline

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## activities

### **1-1** What Are You Trying to Decide?

- Have students identify three decisions they are trying to make (e.g. going to a party, moving away from home, buying a car, buying a home, calling in sick to work, etc.)
- Have them use the decision-making process sheet to work through one of the decisions they have identified

### **1-2** What Decision-Making Strategies Have You Used?

- As a class, have students identify and role-play the various decision-making strategies they've used
- Discuss how well they think their strategies have worked
- Discuss what factors might have influenced their choice of strategies

### **1-3** How Do Economic Conditions Affect Decision Making?

- Research current economic conditions and determine possible effects on personal and financial decisions
- Discuss what actions might be taken based on various economic conditions

### **1-4** Can You Analyze a Decision?

- Ask students to volunteer to videotape one or more of their favorite television programs
- Using the videotaped television programs, have students identify the decision-making strategies being used by the main characters
- Have students document the decision-making process using the sheet provided
- Discuss how well each strategy worked

### **1-5** Lesson One Quiz

**For more information, please refer to the Appendix.**

# **making decisions** target audiences

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Learning Activities Appropriate to Varied Target Audiences for Lesson One



| activity             | teenagers<br>(14-18) | young adults<br>(19-35) | adults<br>(36+) |
|----------------------|----------------------|-------------------------|-----------------|
| Survey/Interview     | ●                    | ●                       | ●               |
| Student Activity 1-1 | ●                    | ●                       | ●               |
| Video Activity       | ●                    | ●*                      |                 |
| Student Activity 1-2 | ●                    | ●                       |                 |
| Oral Presentation    | ●                    | ●                       |                 |
| Student Activity 1-3 | ●                    | ●                       | ●               |
| Web Activity         | ●                    | ●                       | ●               |
| Student Activity 1-4 | ●                    | ●                       | ●               |
| Lesson One Quiz 1-5  | ●                    | ●                       | ●               |

\* Recommended for individuals between ages 19 and 25.

# making decisions teaching notes

## the decision-making process (an example)


1. Identify the problem or goal.
  - Where to live when you graduate from high school/college
2. Obtain information and think about possible courses of action or possible alternatives.
  - Live at home
  - Live at home and pay rent to parents
  - Rent an apartment
  - Live alone
  - Share an apartment
  - Live in college dorm
  - Live in fraternity or sorority
  - Live in trailer park or mobile home
3. Consider the consequences of each choice (action) and evaluate the alternatives.
4. Select the best course of action.
5. Evaluate the results.

discussion 

 overhead 1-A

survey/interview:



**TO DO:**  Talk to people about the best and worst decisions they have made in their lives.

## what are you trying to decide?

1. Make a list.

### Teenagers

- Going to college
- Saving money
- Getting a part-time job

### Young Adults

- Buying a car
- Saving money
- Moving away from home
- Purchasing a home

### Older Adults

- Saving money
- Changing careers
- Selecting a retirement location

2. Use the decision-making process sheet to arrive at a possible solution for one of the decisions on the list.
  - Talk about the results

discussion 

student activity 1-1



 video case study B & C

# making decisions teaching notes

## why is this (sometimes) so hard?

1. Levels of the cognitive domain:
  - Knowledge (easiest)
  - Comprehension (less easy)
  - Analysis (starting to get difficult)
  - Synthesis (difficult)
  - Evaluation (most difficult)

discussion



## factors that can influence a decision

1. Age
2. Budget
3. Culture
4. Family opinions
5. Feelings
6. Habits
7. Peers
8. Risks and consequences
9. Time
10. Values

discussion



overhead 1-B

## common decision-making strategies

For each strategy, discuss what it is, what recent decisions have been made in that manner, and what factors influenced the decisions to use that strategy.

- Spontaneity
- Compliance
- Procrastination
- Agonizing
- Intention
- Desire
- Avoidance
- Security
- Synthesis

discussion



overhead 1-C

student activity 1-2



**oral presentation:**

Have students present in class (or on video) examples of strong and weak decision-making strategies.



# making decisions teaching notes

## economic factors and decision making

1. Higher prices result in more expensive goods and services and lower buying power of the dollar.
2. Increases in consumer spending for certain goods and services can result in additional jobs in those industries.
3. Lower interest rates encourage consumer spending; higher rates are likely to encourage saving and less borrowing.
4. A higher money supply will usually result in lower interest rates. A lower money supply will likely result in higher interest rates and reduced consumer spending.
5. High unemployment reduces consumer spending and results in fewer job opportunities.
6. Increased home building usually leads to more job opportunities and expanded consumer spending.
7. A growing GDP usually indicates expanded economic growth in a country.
8. Higher stock prices usually indicate confidence in the economy and strong business conditions for jobs and consumer spending.



overhead 1-D

### student activity 1-3



### www. web activity:



Conduct a Web search to obtain current information on interest rates and inflation.



## risks and decision making



overhead 1-E

## opportunity costs & time value of money



overhead 1-F

## analyze a decision

If possible, use videotaped programs.

- Have students identify the decision-making strategies being used by one or more of the main characters.
- Have students document the decision-making process using a decision chart.
- Discuss how well each strategy worked.

discussion



### student activity 1-4



## lesson one quiz



quiz 1-5



# lesson two

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## making money



teacher's guide

*"Money is better than poverty,  
if only for financial reasons."*

- Woody Allen





## **WWW. web sites for making money**

The Internet is probably the most extensive and dynamic source of information in our society. The following Web sites can provide students and others with current information, assistance, and data related to this lesson. Web addresses ending in “.com” are commercial; “.org” are nonprofit; and “.gov” are government.

|                                      |  |
|--------------------------------------|--|
| Career Planning Tips                 | <a href="http://www.jobtrak.com">www.jobtrak.com</a><br><a href="http://www.careermag.com">www.careermag.com</a>   |
| Listings of Available Jobs           | <a href="http://www.careermosaic.com">www.careermosaic.com</a><br><a href="http://www.careerpath.com">www.careerpath.com</a>                             |
| Resume Preparation Advice            | <a href="http://www.occ.com">www.occ.com</a><br><a href="http://www.jobweb.com">www.jobweb.com</a><br><a href="http://www.rankit.com">www.rankit.com</a> |
| U.S. Dept. of Labor & State Agencies | <a href="http://www.ajb.dni.us">www.ajb.dni.us</a>   |
| Visa                                 | <a href="http://www.visa.com">www.visa.com</a><br><a href="http://www.rankit.com">www.rankit.com</a>   |

**Note:** Addresses and content of Web sites change, and new sites are created daily. Use search engines such as Yahoo, AltaVista, Infoseek, Lycos, or Hotbot, to update and locate Web sites related to this topic.

# making money lesson outline

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## overview

A job is for today. However, a career is for a lifetime. When doing financial planning, most people emphasize how they will use their funds. Few consider how to obtain needed financial resources.

In this lesson, students will be encouraged to consider various topics related to career planning and the financial aspects of employment. First, students are introduced to the career planning process. This variation of the decision-making process can help a person match personal abilities and interests with appropriate employment opportunities.

“How does a person apply for a job?” This is a question asked by many students. First students are informed of sources for identifying available employment positions. Next, various aspects of interviewing are discussed. Information on preparing for a job interview along with tips for successful interviewing are offered.

Then, financial aspects of employment are considered. The “hidden costs” of working are noted. An awareness of various employee benefits is discussed next. Finally, for students who have not worked in the past, information is offered about payroll taxes and other deductions from a person’s income.

## goals

Show how to recognize and identify some of the real and hidden costs and benefits of working, tips if starting a new career and provide practice reading and interpreting pay stubs.

## lesson objectives

- Know the phases of the career-planning process
- Identify and apply for employment
- Understand the interview process
- Understand some of the hidden costs of a job
- Understand some of the benefits companies often offer employees
- Interpret a pay stub

## overheads

- 2-A** The Career-Planning Process
- 2-B** Preparing for a Job Interview
- 2-C** Common Interview Questions
- 2-D** Adding Up the Benefits
- 2-E** Reading a Pay Stub
- 2-F** An Example of Paycheck Deductions

## activities

**2-1** Assessing Your Personal Interests and Abilities

**2-2** Evaluating the Current Employment Market

- Part-time summer employment
- Career-entry positions
- Advanced careers, employment field changes

**2-3** Creating a Résumé

**2-4** Reading and Interpreting Pay Stubs

- Have students answer the questions about the attached pay stubs
- Discuss their answers

**2-5** Lesson Two Quiz

**For more information, please refer to the Appendix.**

# making money target audiences

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## Learning Activities Appropriate to Varied Target Audiences for Lesson Two



| activity             | teenagers<br>(14-18) | young adults<br>(19-35) | adults<br>(36+) |
|----------------------|----------------------|-------------------------|-----------------|
| Student Activity 2-1 | ●                    | ●                       | ●               |
| Student Activity 2-2 | ●                    | ●                       |                 |
| Student Activity 2-3 | ●                    | ●                       |                 |
| Web Activity         | ●                    | ●                       | ●               |
| Oral Presentation    | ●                    | ●                       |                 |
| Video Activity       | ●                    | ●*                      | ●               |
| CD-ROM Activity      | ●                    | ●                       | ●               |
| Survey/Interview     | ●                    | ●                       |                 |
| Student Activity 2-4 | ●                    | ●                       |                 |
| Lesson Two Quiz 2-5  | ●                    | ●                       | ●               |

\* Recommended for individuals between ages 19 and 25.

# making money teaching notes

## the career-planning process

- Assess personal situation
- Evaluate employment market
- Identify job opportunities
- Apply for position
- Interview for position
- Obtain additional training

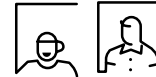


overhead 2-A

### student activity 2-1



### student activity 2-2



## identifying and applying for employment positions

- Advertisements
- Personal contacts
- Business organizations
- The Internet

### student activity 2-3



### www. web activity:



Conduct a Web search to identify sites that people can contact to obtain information on available job positions.



## the interview process

When preparing for a job interview, take the following actions:

1. When researching an organization, obtain information on:
  - What are its main activities?
  - What types of jobs does it have?
  - What do the people who work there like about their employment situation?
2. Practice your interviewing skills:
  - Write out answers to possible interview questions.
  - Have someone interview you.
3. Prepare questions that you plan to ask:
  - What skills are needed for success in the organization?
  - What opportunities are available for continued learning?



overhead 2-B

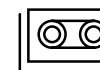


overhead 2-C



### oral presentation:

Have students present in class (or on video) examples of strong and weak actions in a job interview.



video case study A

# making money teaching notes

## the hidden costs of a job

1. Transportation
2. Clothing
  - Uniforms
  - Special attire
3. Food (lunches)
4. Child or adult care
5. Union dues

discussion



CD-ROM budget  
worksheets



## adding up the benefits

1. Typical benefits
  - Health, dental, and eye care insurance
  - Life insurance/disability insurance
  - Retirement benefits
  - Tax deferred retirement plan
  - Paid vacation
  - Paid holidays
  - Parental leave
  - Stock purchase plan
  - Employee assistance plans
  - Employee fitness programs
  - Employee discounts

discussion



overhead 2-D



**survey/interview:**

Talk to people about the employee benefits they believe to be most important for their life situation.



## reading a pay stub

1. Pay period
2. Gross pay
3. Wage deductions
  - Federal income tax
  - FICA
  - Individual state income tax
  - Worker's compensation insurance
  - Other
4. Net pay

discussion



overhead 2-E



overhead 2-F

# making money teaching notes

## interpreting pay stubs

- 1. Interpret sample pay stubs
- 2. Interpret your own pay stub

## student activity 2-4



## lesson two quiz



## quiz 2-5



# lesson three

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## the art of budgeting



teacher's guide

*"Budget: a mathematical*

*confirmation of your suspicions."*

- A.A. Latimer





## **WWW. web sites for the art of budgeting**

The Internet is probably the most extensive and dynamic source of information in our society. The following Web sites can provide students and others with current information, assistance, and data related to this lesson. Web addresses ending in “.com” are commercial; “.org” are nonprofit; and “.gov” are government.

|   |  |
|---|--|
| Budgeting Information                   | <a href="http://www.lifeadvice.com">www.lifeadvice.com</a>   |
| Center for Financial Well-Being         | <a href="http://www.healthycash.com/center">www.healthycash.com/center</a>   |
| CNN Financial News                      | <a href="http://www.cnfn.com/index.html">www.cnfn.com/index.html</a>   |
| Consumer Price Index & Inflation Data   | <a href="http://www.bls.gov">www.bls.gov</a><br><a href="http://www.stls.frb.org/fred/data/cupdate.html">www.stls.frb.org/fred/data/cupdate.html</a> |
| Federal Reserve Bank – New York         | <a href="http://www.ny.frb.org">www.ny.frb.org</a>   |
| FinanCenter                             | <a href="http://www.financenter.com">www.financenter.com</a>   |
| Goal-Setting Tips                       | <a href="http://www.networth.quicken.com">www.networth.quicken.com</a>   |
| Jump\$tart                              | <a href="http://www.jumpstart.org">www.jumpstart.org</a>   |
| Kiplinger                               | <a href="http://www.kiplinger.com">www.kiplinger.com</a>   |
| Money Magazine                          | <a href="http://www.kiplinger.com">www.kiplinger.com</a>   |
| Motley Fool                             | <a href="http://www.fool.com">www.fool.com</a>   |
| National Center for Financial Education | <a href="http://www.ncfe.org">www.ncfe.org</a>   |
| National Consumers League               | <a href="http://www.nclnet.com">www.nclnet.com</a>   |
| National Foundation of Consumer Credit  | <a href="http://www.nfcc.org">www.nfcc.org</a>   |
| Quicken                                 | <a href="http://www.qfn.com">www.qfn.com</a>   |
| Smart Money Magazine                    | <a href="http://www.smartmoney.com">www.smartmoney.com</a>   |
| Standard & Poor’s Personal Finance Site | <a href="http://www.personalwealth.com">www.personalwealth.com</a>   |
| U.S. Federal Reserve System             | <a href="http://www.federalreserve.gov">www.federalreserve.gov</a>   |
| Visa                                    | <a href="http://www.visa.com">www.visa.com</a><br><a href="http://www.rankit.com">www.rankit.com</a>   |

**Note:** Addresses and content of Web sites change, and new sites are created daily. Use search engines such as Yahoo, AltaVista, Infoseek, Lycos, or Hotbot, to update and locate Web sites related to this topic.

# the art of budgeting lesson outline

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## overview

“The month’s too long for our budget. If the month was only 20 days long, we’d have enough money to last.” This is a common dilemma faced by households when it comes to budgeting and money management.

Effective money management starts with goal setting. “If you don’t know where you are going, you may end up somewhere else and not even know it.” Financial goals should be realistic, be specific, have a time frame, and imply an action to be taken. Encourage students to take some time and effort to develop financial goals.

Most people could not tell you how their money is spent. All they know is that the money is gone all too soon. In this chapter students monitor their spending habits (in writing) and will be able to better obtain the most value for their available dollars. This chapter will also demonstrate that carefully considering needs and wants, an individual or family will spend appropriate amounts for current living expenses while saving and investing for long-term financial security.

## goals

Assist in identifying and prioritizing personal and financial goals, create a plan to achieve those goals, and provide practice setting up and maintaining a personal budget.

## lesson objectives

- Identify and prioritize some of your personal and financial goals
- Identify the steps you can take and the resources you will need to achieve your goals
- Identify and examine your current spending behaviors and patterns
- Understand what it means to budget, and identify the reasons to maintain a budget
- Create and maintain a personal budget that supports your personal and financial goals

## overheads

**3-A** Budgeting Process

**3-B** Goal-Setting Guidelines

**3-C** Setting Up and Maintaining a Budget

## activities

**3-1** What Are Your Goals?

- Ask students what some of their goals are based on their life situation. List them at the front of the room, separating them into short-, intermediate-, and long-term goals.
- Pick one goal from each group. Have the class brainstorm what steps they could take and what resources they would need to achieve those goals.
- Have students individually work through “What Are Your Goals?” and “Working with Your Goals.”

# the art of budgeting lesson outline

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## **3-2** Where Does Your Money Come From?

- Have students identify their current or potential (new job, career change) sources of income.
- Discuss the feelings of being financially dependent vs. financially independent.

## **3-3** Where Does Your Money Go?

- Have students keep a record of everything they spend during a one-month period based on their life situation:
- Ask students what patterns they can see in their spending habits.
- Discuss topics such as impulse buying, how to decide what to purchase, and what factors might influence purchasing decisions.

## **3-4** Set Up a Personal Budget

- Have students set up a personal budget that supports their personal and financial goals.
- Ask students to try to stick to their budget for one month.
- After the month has passed, discuss what it was like to stick to a budget. Was the budget realistic? Where did they overspend? In which areas did they spend less than what they planned? Were they able to make progress toward their financial goals? What would they change about their budget?

## **3-5** Rework a Budget

- Have students set up, maintain, and rework a budget for the scenarios and then for themselves.

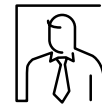
## **3-6** Lesson Three Quiz

**For more information, please refer to the Appendix.**

# the art of budgeting target audiences

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Learning Activities Appropriate to Varied Audiences for Lesson Three



| activity              | teenagers<br>(14-18) | young adults<br>(19-35) | adults<br>(36+) |
|-----------------------|----------------------|-------------------------|-----------------|
| Student Activity 3-1  | •                    | •                       | •               |
| Survey/Interview      | •                    | •                       | •               |
| Student Activity 3-2  | •                    | •                       |                 |
| Student Activity 3-3  | •                    | •                       | •               |
| Video Activity        | •                    |                         |                 |
| Oral Presentation     | •                    | •                       | •               |
| Class Speaker         | •                    | •                       | •               |
| Student Activity 3-4  | •                    | •                       |                 |
| CD-ROM Activity       | •                    | •                       | •               |
| Student Activity 3-5  | •                    | •                       | •               |
| Web Activity          | •                    | •                       | •               |
| Lesson Three Quiz 3-6 | •                    | •                       | •               |

# the art of budgeting teaching notes

## what are your goals?

1. Why set goals?
2. List your goals.
3. Goal ranges:
  - Short-term goals (1–4 weeks)
  - Medium-term goals (2–12 months)
  - Long-range goals (1 year or longer)
4. Prioritize your goals.
5. What can you do to work toward your goals?
6. What resources do you need to achieve your goals?
  - Personal (abilities, skills, time, education, etc.)
  - External (money, car, tools, etc.)

discussion



overhead 3-A



overhead 3-B

student activity 3-1



survey/interview



## where does your money come from?

1. Current sources of income
  - Job(s)
  - Parents
  - Alimony/child support
  - Investments
2. How it feels...
  - To be financially dependent
  - To be financially independent

discussion



student activity 3-2



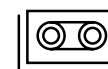
## where does your money go?

1. Keep track of everything spent in one month:
  - What did you buy?
  - Can you see a pattern in your spending habits?
  - What did you need?
  - What did you want?
2. How did you decide what to spend and where to spend it?
  - Categorize how money is currently spent (e.g., clothing, food, CDs, automobile, etc.).
  - Name areas that might be added to this list in the near future.
  - Review concepts and skills of making decisions.
3. What might make a habitual Spender turn into a Saver? What could turn a Saver into a Spender?

discussion



student activity 3-3



video case study C

# the art of budgeting teaching notes

## why budget?

1. What do you think of when you hear the word “budget?”
  - Write responses on board.
  - Reinforce the concept that YOU control the budget, the budget doesn’t control you.
2. Reasons to budget:
  - To determine how much money you have to spend.
  - To decide how you want to spend your money.
  - To determine how to spend money in the future.
  - To learn to live on less than available income.
  - To stay out of financial trouble.

discussion



### oral presentation:

Have students present in class (or on video) examples of common budgeting mistakes and consequences of these mistakes.



## the budgeting process

1. What it is:
  - A plan for spending and saving
2. What it takes:
  - Choosing a budgeting period
  - Estimating expenses and income
  - Balancing expenses and income
3. What a budget does for you:
  - Puts you in control
  - Helps you create a visual spending picture
  - Helps you prevent impulse spending
  - Helps you decide what you can and cannot afford
  - Enables you to keep track of how you spend your money
  - Helps you create a savings plan
  - Helps you decide how you can protect yourself against the financial consequences of unforeseen events

discussion



# the art of budgeting teaching notes

## setting up and maintaining a budget

1. Estimate your income.
2. Estimate your expenses to include:
  - Fixed regular monthly expenses
  - Fixed irregular monthly expenses
  - Flexible monthly expenses
  - “Mad money”
3. Estimate your future expenses.
  - Begin by keeping a record of everything you spend.
  - What are your financial goals and your plans for obtaining those goals?
4. Cope with change.
  - Plan for new situations.
  - Plan for changing conditions that increase or decrease your expenses.
5. Keep your personal and financial goals in mind.
  - Set money aside to help meet financial goals.
6. Balance your budget.
  - Each month, compare your income to your expenses. Continue reworking your budget until your income is greater than your expenses.
  - Discuss different budget options available.
7. Practice setting up a personal budget.

discussion



overhead 3-C

class speaker:



Invite a financial adviser or money management counselor to class to discuss.



student activity 3-4



CD-ROM budget worksheets



## tips for maintaining a budget

1. Become a good consumer.
  - Learn how to get the most for your money.
2. Exercise will-power and self-control.
  - Try to not indulge in unnecessary spending.
3. Develop a good record-keeping system.
  - Learn how to maintain a workable budget.
4. Evaluate your budget regularly.

discussion



# the art of budgeting teaching notes

## rework a budget

1. Work with a budgeting sheet.
2. Incorporate unforeseen events.
3. Compare planned expenses with actual expenses.
4. Design a budget, keeping personal and financial goals in mind.

## student activity 3-5



## www. web activity:



Have students conduct a Web search to obtain information and make suggestions for budgeting and wise money management.



## lesson three quiz



quiz 3-6

# lesson four

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## living on your own



teacher's guide

*"How does it feel*

*To be on your own*

*With no direction home*

*Like a complete unknown*

*Like a rolling stone?"*

- Bob Dylan, "Like a Rolling Stone"





## **WWW. web sites for living on your own**

The Internet is probably the most extensive and dynamic source of information in our society. The following Web sites can provide students and others with current information, assistance, and data related to this lesson. Web addresses ending in “.com” are commercial; “.org” are nonprofit; and “.gov” are government.

|                                      |  |
|--------------------------------------|--|
| Dept. of Housing & Urban Development | <a href="http://www.hud.gov">www.hud.gov</a>   |
| FNMA (Fannie Mae)                    | <a href="http://www.homepath.com">www.homepath.com</a>   |
| Home Buying Assistance               | <a href="http://www.homefair.com/home">www.homefair.com/home</a><br><a href="http://www.homes shark.com">www.homes shark.com</a> |
| Home Insurance Information           | <a href="http://www.insure.com">www.insure.com</a>   |
| Home Insurance Information           | <a href="http://www.insuremarket.com">www.insuremarket.com</a>   |
| Mortgage Cost Calculator             | <a href="http://www.centura.com/formulas/calc.html">www.centura.com/formulas/calc.html</a>                                       |
| Mortgage Information                 | <a href="http://www.bankrate.com">www.bankrate.com</a><br><a href="http://www.hsh.com">www.hsh.com</a>                           |
| Renting vs. Buying                   | <a href="http://www.financenter.com">www.financenter.com</a>   |
| Reverse Mortgages                    | <a href="http://www.hud.gov/rvrsmort.html">www.hud.gov/rvrsmort.html</a>   |
| Visa                                 | <a href="http://www.visa.com">www.visa.com</a><br><a href="http://www.rankit.com">www.rankit.com</a>                             |

**Note:** Addresses and content of Web sites change, and new sites are created daily. Use search engines such as Yahoo, AltaVista, Infoseek, Lycos, or Hotbot, to update and locate Web sites related to this topic.

# living on your own lesson outline

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## overview

As young people grow up, a common goal is to “live on their own.” Quite often, their expectations are unrealistic. This lesson provides a “reality check” for students as they investigate the costs associated with moving, obtaining furniture and appliances, and renting an apartment.

In preparation for living on their own, students are reminded of the budgeting process. Encourage students to carefully consider various fixed and flexible expenses. While many of the flexible living costs are more fun (entertainment, food at restaurants, vacations), the fixed expenses are necessary for financial survival (rent, apartment insurance).

As students start the apartment selection process, many factors need to be considered. Where should I live? How much can I afford to pay for rent? What are the monthly costs for living in the apartment? Should I share living costs with another person? Will I get along with the other person? These are just some of the questions students will address in this chapter.

Are most of your students aware of the elements of a lease? In this section of the lesson, various information sections and clauses of an apartment lease are discussed. This material can help to create awareness and caution among students before signing a lease (or other contracts).

## goals

Help students understand the costs of living on one’s own, provide practice in setting up budgets that include such costs, and develop the skills and knowledge necessary to interpret and evaluate lease and rental agreements.

## lesson objectives

- Set up a budget that includes rent, moving expenses, and the expenses associated with setting up a household
- Understand the rights and legal responsibilities of a tenant
- Understand the rights and legal responsibilities of a landlord
- Read and interpret various clauses in a lease

## overheads

- 4-A** The Cost of Moving
- 4-B** Preparing a Budget
- 4-C** Budgeting to Move
- 4-D** A Lease Agreement
- 4-E** Rights and Responsibilities of Tenants
- 4-F** Rights and Responsibilities of Landlords

# living on your own lesson outline

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## activities

### **4-1** Estimate the Cost of Your Bedroom Furnishings

Based on one of these situations:

- A teenager living at home
- A young adult living on their own
- Ask students to estimate the total cost of the furniture, linens, and creature comforts in their bedrooms.
- Discuss their findings. Was the total more than they expected? What items did they include?

### **4-2** Calculate the Cost of Setting Up an Apartment or Redecorating a Home

- Ask each team member to choose a room in an apartment. Choices include kitchen, dining room, bedroom, living room, and bathroom.
- Ask each team member to research how much it would cost to furnish and equip that room. Encourage students to look at various alternatives, including secondhand stores, garage sales, donations from relatives, etc.
- Ask all teams to prepare a summary of their findings, including an itemized list of what they would buy, the estimated cost of each item, the source for each item, and the total cost of furnishing and equipping “their” apartments. Have all teams present their findings to the class.
- As a class, discuss some students’ findings, and brainstorm ways to cut costs.

### **4-3** Set Up a Budget to Begin Living on Your Own or to Upgrade Your Lifestyle

- Divide students into teams of two or three people. These teams are now “roommates” or “married.”
- Assign a realistic income to each student, and give each student a budget sheet.
- Ask each person to set up a budget that includes the fixed and flexible expenses associated with leaving home and living on one’s own.
- As a class, discuss the budgets prepared by each team. How much money would the team need to move? How long would it take them to save the money? What types of items did they include in their budget? Given their income and their personal lifestyle preferences, how long could they stay within their budget? How many included savings in their budget? How many took into consideration unforeseen events? How many took into consideration their personal and financial goals?
- Using the blank budget sheets, help the class design a budget that includes the costs of leaving home and moving into an apartment, that allows for unforeseen events, and that takes into consideration personal and financial goals.

# living on your own lesson outline

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## **4-4** Read and Interpret a Lease/Rental Agreement

- Divide students into teams of three or four people.
- Ask each team to answer the questions about various terms and clauses in the leases.
- As a class, discuss the teams' findings. Are there clauses they would want to change? Are there clauses they would add? Would they sign the lease?

## **4-5** Create a Student Handbook for a First Apartment

Have students interview family and friends about:

- How much it costs to rent an apartment
- How costs are divided up among roommates
- The pros and cons of having roommates
- How to read and interpret a lease
- What it costs to furnish an apartment
- Setting up and sticking to a budget

Have students compile findings in a handbook for first-time apartment dwellers.

## **4-6** Selecting an Apartment

Have students compare rental units based on the following:

- Location
- Building exterior
- Building interior
- Apartment layout and facilities
- Financial aspects

## **4-7** Lesson Four Quiz

**For more information, please refer to the Appendix.**

# living on your own target audiences

## Learning Activities Appropriate to Varied Target Audiences for Lesson Four



| activity             | teenagers<br>(14-18) | young adults<br>(19-35) | adults<br>(36+) |
|----------------------|----------------------|-------------------------|-----------------|
| Survey/Interview     | ●                    | ●                       |                 |
| Video Activity       | ●                    | ●*                      |                 |
| Student Activity 4-1 | ●                    | ●                       |                 |
| CD-ROM Activity      | ●                    | ●                       | ●               |
| Student Activity 4-2 | ●                    | ●                       | ●               |
| Student Activity 4-3 | ●                    | ●                       |                 |
| Field Activity       | ●                    | ●                       |                 |
| Student Activity 4-4 | ●                    | ●                       | ●               |
| Student Activity 4-5 | ●                    | ●                       |                 |
| Student Activity 4-6 | ●                    | ●                       | ●               |
| Lesson Four Quiz 4-7 | ●                    | ●                       | ●               |

\* Recommended for individuals between ages 19 and 25.

# living on your own teaching notes

## costs of living on your own

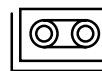
1. Typical fixed monthly expenses (a review).
  - Rent
  - Car payment
  - Car insurance
  - Credit card payments
2. Typical flexible monthly expenses (a review).
  - Food
  - Utilities
  - Transportation (gas, oil, bus fare, etc.)
  - Clothing
  - Entertainment
  - Personal items

discussion



**survey/interview:**

Have students obtain information on the typical costs of these items from parents, relatives, and friends.



**video case study C**

## budgeting to live on your own

1. How much did your bedroom furnishings cost?
  - Furniture
  - Rugs
  - Linens
  - Electronics
  - Other
2. How much would it cost to set up and furnish a two-bedroom apartment?
  - Kitchen
  - Living room
  - Dining room
  - Bedroom 1
  - Bedroom 2
  - Bathroom
  - Creature comforts
3. Ways to cut costs
  - Used equipment and furniture
  - Secondhand stores
  - Donations from relatives
  - Used items advertised in local newspaper
  - Other

discussion



**student activity 4-1**



**CD-ROM budget worksheets**



**student activity 4-2**



discussion



# living on your own teaching notes

## the costs of moving

1. Moving-in costs
  - Rent for first month
  - Rent for last month
  - Cleaning deposit
  - Security deposit
  - Utilities deposit
  - Telephone deposit
2. Moving costs
  - Renting a truck
  - Hiring movers
  - Other?

discussion



overhead 4-A

## roommates?

1. Pros and cons
2. Issues to consider
  - Lifestyles
  - How to split expenses
  - How to divide chores
  - House rules
  - Legal obligations if someone moves out

discussion



## preparing a budget

1. Personal and financial goals
  - Short-term
  - Medium-term
  - Long-term
2. Needs and wants
  - Personal (e.g., nice view)
  - Professional (e.g., proximity to work)
3. Income
  - Current
  - Expected income in the next few months
  - Expected income in the next year
4. Practice setting up a budget
  - Rent
  - Moving costs
  - Moving-in costs
  - Costs of setting up an apartment

discussion



overhead 4-B

student activity 4-3



overhead 4-C

# living on your own teaching notes

## a lease

1. What a lease looks like and what it usually contains
  - Length of lease
  - Amount of rent per month
  - Date rent must be paid
  - Name of lessor and lessee
  - Address where rent is to be sent
2. Clauses to be aware of
  - Confession of judgment clause
  - Inability to sue clause
  - Arbitrary clauses
3. Clauses you might want to add
  - List of appliances that come with the apartment
  - What facilities you may use
  - Any verbal promises made by landlord
  - Amount charged if you break the lease
  - List of extras you want to install and take with you when you leave
  - Any damages that exist when you move in
4. The rights and responsibilities of tenants
5. The rights and responsibilities of landlords

discussion



overhead 4-D



**field activity:**

Obtain a copy of an apartment rental lease to discuss.



overhead 4-E



overhead 4-F

## would you sign this lease or this rental agreement?

1. For each example:
  - What is the length of lease?
  - What is the amount of rent?
  - When is the rent due?
  - Are there any clauses you disagree with?
  - Are there any clauses you would like to add?

student activity 4-4



# living on your own teaching notes

## create a handbook for a first apartment

1. Have students interview family and friends about:
  - How much it costs to rent an apartment
  - How costs are divided up among roommates
  - The pros and cons of having roommates
  - How to read and interpret a lease
  - What it costs to furnish an apartment
  - Setting up and sticking to a budget
2. Have students compile findings in a handbook for first-time apartment dwellers.
3. Have students compare rental units based on the following:
  - Location
  - Building exterior
  - Building interior
  - Apartment layout and facilities
  - Financial aspects

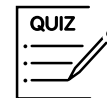
### activity 4-5



### activity 4-6



## lesson four quiz



### quiz 4-7



# lesson five

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## buying a home



teacher's guide

*"Be it ever so humble, there's  
no place like home."*

- John Howard Payne





## **WWW. web sites for buying a home**

The Internet is probably the most extensive and dynamic source of information in our society. The following Web sites can provide students and others with current information, assistance, and data related to this lesson. Web addresses ending in “.com” are commercial; “.org” are nonprofit; and “.gov” are government.

|                                      |  |
|--------------------------------------|--|
| Dept. of Housing & Urban Development | <a href="http://www.hud.gov">www.hud.gov</a>   |
| FNMA (Fannie Mae)                    | <a href="http://www.homepath.com">www.homepath.com</a>   |
| Home Buying Assistance               | <a href="http://www.homefair.com/home">www.homefair.com/home</a><br><a href="http://www.homes shark.com">www.homes shark.com</a> |
| Home Insurance Information           | <a href="http://www.insure.com">www.insure.com</a><br><a href="http://www.insuremarket.com">www.insuremarket.com</a>             |
| Mortgage Cost Calculator             | <a href="http://www.centura.com/formulas/calc.html">www.centura.com/formulas/calc.html</a>                                       |
| Mortgage Information                 | <a href="http://www.bankrate.com">www.bankrate.com</a><br><a href="http://www.hsh.com">www.hsh.com</a>                           |
| Renting vs. Buying                   | <a href="http://www.financenter.com">www.financenter.com</a>   |
| Reverse Mortgages                    | <a href="http://www.hud.gov/rvrsmort.html">www.hud.gov/rvrsmort.html</a>   |
| Visa                                 | <a href="http://www.visa.com">www.visa.com</a><br><a href="http://www.rankit.com">www.rankit.com</a>                             |

**Note:** Addresses and content of Web sites change, and new sites are created daily. Use search engines such as Yahoo, AltaVista, Infoseek, Lycos, or Hotbot to update and locate Web sites related to this topic.

# buying a home lesson outline

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## overview

As the old saying goes, the three most important factors to consider when buying a home are “location, location, location.”

While this seems silly, there is much truth in this statement. Access to transportation, schools, shopping, and other activities is a primary factor that drives the demand for housing.

The process of buying a home can be overwhelming. After comparing renting and buying, students will be introduced to a five-step process for home buying. This framework provides an overview for the activities involved with selecting and purchasing a home.

“What type of mortgage should I select?” This common question will be covered with the information on mortgages. Next, the costs associated with finalizing a real estate purchase are discussed. Keep in mind that many students will not be familiar with “closing costs.”

Finally, students are put on the other side of the real estate transaction—as a seller. Several suggestions are offered when selling a home.

## goals

Give students a basic understanding of the process and costs involved with home buying.

## lesson objectives

- Compare benefits and drawbacks of renting and buying your home
- Develop a knowledge of the home-buying process
- Understand steps involved in applying for a mortgage
- Understand and compare various types of mortgages
- Identify actions to take when selling a home

## overheads

**5-A** The Home-Buying Process

**5-B** Qualifying for a Mortgage

**5-C** Types of Mortgages

**5-D** Closing Costs

**5-E** Selling Your Home

## activities

**5-1** Should They Buy or Rent?

- Divide students into teams of two or three people. Have students make decisions regarding the housing-decision situations on the activity sheet. As a class, discuss student answers for the situations. What differences exist among the teams? What are some reasons for those differences?

# buying a home lesson outline

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## **5-2** Conducting a Home Inspection

- Ask students to list items that should be considered when evaluating the condition of a home that you might purchase. Discuss their findings. What items were noted by most students? What items were only noted by a few students?

## **5-3** Shopping for a Mortgage

- Using the Internet or by contacting local mortgage lenders, obtain information on the costs and rates for a mortgage. Discuss the differences that may be present among different financial institutions.

## **5-4** Computing Mortgage Payments

- Using the exercise sheet, have students compute the monthly mortgage payment for the situations on the activity sheet. As a follow-up, discuss the following: What factors affect changing mortgage rates in our economy? What are the advantages of a 15-year mortgage over a 30-year mortgage? What are disadvantages? What actions could people take to increase the amount of mortgage they could afford?

## **5-5** Lesson Five Quiz

**For more information, please refer to the Appendix.**

# buying a home target audiences

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Learning Activities Appropriate to Varied Target Audiences for Lesson Five



| activity             | teenagers<br>(14-18) | young adults<br>(19-35) | adults<br>(36+) |
|----------------------|----------------------|-------------------------|-----------------|
| Survey/Interview     | •                    | •                       |                 |
| Student Activity 5-1 | •                    | •                       |                 |
| Student Activity 5-2 | •                    | •                       | •               |
| Oral Presentation    | •                    | •                       |                 |
| Web Activity         | •                    | •                       | •               |
| Student Activity 5-3 |                      | •                       | •               |
| Student Activity 5-4 | •                    | •                       |                 |
| Field Activity       | •                    | •                       | •               |
| Lesson Five Quiz 5-5 | •                    | •                       | •               |

# buying a home teaching notes

## comparing renting and buying

1. Main advantages of renting your home are:
  - Ease of mobility
  - Fewer responsibilities
  - Lower initial costs
2. Common disadvantages of renting your housing are:
  - Few financial benefits in the form of tax deductions
  - Restricted lifestyle, decorating, having pets, and other activities
  - Legal concerns
3. Key benefits of buying your housing are:
  - Tax savings
  - Pride of ownership
  - Flexibility in using the property
4. Disadvantages of buying your housing may include:
  - Financial risks related to having down payment funds, obtaining a mortgage, and fluctuating property values
  - Limited mobility if a home is difficult to sell
  - Higher living costs due to repairs and maintenance

discussion



**survey/interview:**

Have students talk to various people about the reason they rent or own a home.



**activity 5-1**



## the home buying process

- Phase 1** Determine home ownership needs
- Phase 2** Locate and evaluate a home
- Phase 3** Price the property
- Phase 4** Obtain financing
- Phase 5** Close the purchase transaction

discussion



**overhead 5-A**

**student activity 5-2**



# buying a home teaching notes

## applying for a mortgage

- Determine an estimated value of the house
- Obtain funds for a down payment
- Reduce debts or improve your credit report, if necessary
- Compare fees, services, and mortgage rates for different lenders
- Prepare the mortgage application

discussion

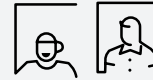


overhead 5-B



**oral presentation:**

Have students present in class (or on video) examples of actions that could improve or reduce your ability to obtain a mortgage.



## types of mortgages

- A conventional mortgage has equal payments over 15 or 30 years based on a fixed interest rate
- Government-guaranteed financing programs include loans from the Federal Housing Authority (FHA) and the Veterans Administration (VA)
- A balloon mortgage has fixed monthly payments and a very large final payment, usually after three, five, or seven years
- The adjustable rate mortgage (ARM), also referred to as a flexible rate mortgage or a variable rate mortgage, has an interest rate that increases or decreases during the life of the loan based on changes in market interest rates
- A graduated payment mortgage has payments rising to different levels during the term of the loan
- A growing equity mortgage has increases in payments for the loan to be paid off more quickly
- A buy down is an interest rate subsidy from a real estate developer that reduces the mortgage payments during the first few years of the loan
- A shared appreciation mortgage (SAM) is an arrangement in which the borrower agrees to share the increased value of the home with the lender when the home is sold
- A second mortgage, also called a home equity loan, allows a homeowner to borrow on the paid-up value of the property



overhead 5-C

discussion



**www. web activity:**

Have students locate information on current mortgage rates using a Web search.



# buying a home teaching notes

## types of mortgages (continued)

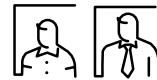
- Reverse mortgages provide an elderly homeowner with tax-free income in the form of a loan that is paid back (with interest) when the home is sold or the homeowner dies
- Refinancing refers to obtaining a new mortgage on your current home at a lower interest rate

## selecting a mortgage

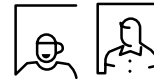
discussion



student activity 5-3



student activity 5-4



## closing costs

The common costs associated with the settlement of a real estate transaction may include:

- Title search fee (\$50–\$150)
- Title insurance (\$100–\$600)
- Attorney's fee (\$50–\$700)
- Appraisal fee (\$100–\$300)
- Recording fees, transfer taxes (\$15–\$30)
- Credit report (\$25–\$75)
- Termite inspection (\$50–\$150)
- Lender's origination fee (1–3% of loan amount)
- Reserves for home insurance and property taxes (amount varies)
- Interest paid in advance (if applicable)

discussion




overhead 5-D

# buying a home teaching notes

## selling your home

1. Prepare your home for selling to increase appeal and market value
2. Determine the selling price, based on an appraisal, the location, features, age of the home, current mortgage rates, and market demand
3. Decide if you will do a “sale by owner”
4. Consider using the services of a real estate agent

discussion 

 overhead 5-E

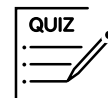


### field activity:

Have students talk to someone who recently sold a home to obtain information on that experience.



## lesson five quiz



quiz 5-5

# lesson six

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## banking services



teacher's guide

*"Put not your trust in money,  
but put your money in trust."*

- Oliver Wendell Holmes





## **WWW. web sites for banking services**

The Internet is probably the most extensive and dynamic source of information in our society. The following Web sites can provide students and others with current information, assistance, and data related to this lesson. Web addresses ending in “.com” are commercial; “.org” are nonprofit; and “.gov” are government.

|                                       |  |
|---------------------------------------|--|
| American Bankers Association          | <a href="http://www.aba.com">www.aba.com</a>   |
| American Savings Education Council    | <a href="http://www.asec.org">www.asec.org</a>   |
| Current Rates for Savings Instruments | <a href="http://www.bankrate.com/bankrate/publ/tips.htm">www.bankrate.com/bankrate/publ/tips.htm</a><br><a href="http://www.banx.com">www.banx.com</a><br><a href="http://www.usatoday.com/money/savebox.htm">www.usatoday.com/money/savebox.htm</a> |
| Current Value of U.S. Savings Bonds   | <a href="http://www.ny.frb.org">www.ny.frb.org</a>   |
| Federal Deposit Insurance Corporation | <a href="http://www.fdic.gov">www.fdic.gov</a>   |
| Financial Calculators for Savings     | <a href="http://www.centura.com/formulas/calc.html">www.centura.com/formulas/calc.html</a>   |
| Making Payments on the Internet       | <a href="http://www.checkfree.com">www.checkfree.com</a>   |
| Purchasing Government Notes & Bonds   | <a href="http://www.frbsf.org">www.frbsf.org</a>   |
| U.S. Federal Reserve System           | <a href="http://www.federalreserve.gov">www.federalreserve.gov</a>   |
| U.S. Savings Bonds                    | <a href="http://www.publicdebt.treas.gov/sav/sav.htm">www.publicdebt.treas.gov/sav/sav.htm</a>   |
| Visa                                  | <a href="http://www.visa.com">www.visa.com</a><br><a href="http://www.rankit.com">www.rankit.com</a>   |

**Note:** Addresses and content of Web sites change, and new sites are created daily. Use search engines such as Yahoo, AltaVista, Infoseek, Lycos, or Hotbot, to update and locate Web sites related to this topic.

# banking services lesson outline

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## overview

If the fee for an ATM transaction to withdraw money is \$1 and a person withdraws money twice a week, the banking fees for that person will be \$104 a year. Over a five-year period, those fees invested at five percent would grow to more than \$570.

This is just one example of the areas in which people are not aware of the amounts spent for banking fees. Recent studies also reveal that people are often charged more than \$20 or \$30 for overdrafts on their checking account.

Most students know that banks and other financial institutions (credit unions, savings and loan associations) offer a variety of services. However, few people know how to make wise choices when using financial services. Encourage students to avoid pawn shops, rent-to-own programs, check-cashing outlets, payday loan advance services, and other high-cost financial service providers.

When selecting a checking account, remind students to consider the required balance, monthly fees, interest earned, cost of printing checks, and charges for other fees and services. As electronic banking services expand, awareness of costs and benefits must also expand. Students should not be impressed with the convenience or glamour of computerized banking. Instead they should assess the value of the service in relation to the fees.

## goals

Provide practice in comparing and evaluating various banking services including checking and savings accounts, ATM/check cashing cards, and online banking. Perform the tasks associated with maintaining checking and savings accounts.

## lesson objectives

- Understand the services offered by banks, savings and loans, and credit unions
- List some of the factors to consider when shopping for bank services
- Understand the responsibilities of having a checking account
- Write checks and keep a running balance in a checkbook
- Describe how to deposit a check
- Read and interpret a checking account statement
- Reconcile a checking account using a checking account statement and a check register
- Describe what an ATM card is and explain how it is used
- Describe what a debit card is and explain how it is used

## overheads

- 6-A** Beware of These High-Cost Financial Services
- 6-B** Comparing Checking Accounts
- 6-C** Opening a Checking Account
- 6-D** Making a Deposit

# banking services lesson outline

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**6-E** Endorsing a Check

**6-F** Writing a Check

**6-G** Keeping a Running Balance: Check Transaction, ATM Card Transaction, Check Card Transaction

**6-H** Reading a Bank Statement

**6-I** Reconciling a Checking Account

**6-J** Electronic Banking Services

**6-K** Smart Cards

## activities

**6-1** Choosing a Checking Account

- Using the guidelines provided in class, have students shop for a checking account
- Discuss what they found. Which bank would they choose? Why?

**6-2** Keeping a Running Balance in a Check Register

- Using the examples provided, have students keep a running balance in a check register

**6-3** Reading and Interpreting a Bank Statement

- Have students answer the questions regarding the sample bank statement

**6-4** Reconciling an Account

- Using the examples provided, have students reconcile the example account

**6-5** Lesson Six Quiz

## supplemental materials

- Banking Terms
- A Primer on Check and ATM Cards

For more information, please refer to the Appendix.

# banking services target audiences

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Learning Activities Appropriate to Varied Target Audiences for Lesson Six



| activity             | teenagers<br>(14-18) | young adults<br>(19-35) | adults<br>(36+) |
|----------------------|----------------------|-------------------------|-----------------|
| Video Activity       | •                    |                         |                 |
| Survey/Interview     | •                    | •                       |                 |
| Student Activity 6-1 | •                    | •                       | •               |
| Student Activity 6-2 | •                    | •                       |                 |
| Student Activity 6-3 | •                    | •                       | •               |
| Student Activity 6-4 | •                    | •                       | •               |
| Web Activity         | •                    | •                       | •               |
| Lesson Six Quiz 6-5  | •                    | •                       | •               |

# banking services teaching notes

## financial institutions and services

1. Bank services
  - Checking accounts
  - Interest on checking
  - Automatic deposit and payment
  - Storage of valuables
  - Transfer of money
  - Overdraft checking
  - Traveler's checks
  - FDIC (Federal Deposit Insurance Corporation)
  - Credit cards
  - Check cards (also called debit cards)
  - ATMs
2. Savings & loans (S&Ls)
3. Credit unions
4. How banks differ from savings & loans and credit unions

discussion 

supplemental materials



overhead 6-A



video case study B



**survey/interview:**

Have students talk to others to obtain information about financial services they use.



## advantages/disadvantages of having a checking account

discussion 

## choosing a checking account

1. Monthly fees
2. Per-check charges
3. Balance requirements
4. Interest rate
5. How rates are calculated
6. How soon you can draw against a deposit
7. Bounced check charges
  - On your check
  - On a check you deposited
8. ATM charges
9. Check card charge
10. Stop payment fees
11. Charges for printed checks
12. Locations/number of branches
13. Bank hours

discussion 



overhead 6-B

# banking services teaching notes

## shopping for a checking account

### student activity 6-1



## opening a checking account

1. Signature authorization card
2. The contract and what it means
3. Initial deposit

### discussion



### overhead 6-C

## making a deposit

1. Writing a deposit slip
2. Endorsing a check
  - Blank endorsement
  - Restrictive endorsement
  - Special or full endorsement
3. Depositing a check
  - Direct deposit
  - Manual deposit



### overhead 6-D



### overhead 6-E

## writing a check and keeping a running balance

1. Writing a check
2. Entering information about a check in a check register
3. Keeping a running balance in your check register

### discussion



### overhead 6-F



### overhead 6-G (a)

### student activity 6-2



# banking services teaching notes

## using an ATM card and keeping a running balance

Students may wish to visit a local bank to find this information on their own.

1. What it is
2. What it looks like
3. Advantages of using
4. Disadvantages of using
5. How to use:
  - Choosing a personal identification number (PIN)
6. What it costs
7. Entering information about an ATM transaction in your check register
8. Keeping a running balance in your check register

discussion



supplemental materials



overhead 6-G (b)

## using a check card and keeping a running balance

With the recent growth in popularity and use of check cards (also called debit cards), a local bank officer would be a good guest speaker on this topic.

1. What it is
2. What it looks like
3. Advantages of using
4. Disadvantages of using
5. How to use it
6. What it costs
7. Where it is accepted
8. What it replaces
9. Entering information about a check card transaction in your check register
10. Keeping a running balance in your check register

discussion



supplemental materials



overhead 6-G (c)

# banking services teaching notes

## interpreting a bank statement and reconciling an account

1. Reading a bank statement
2. Reconciling an account
  - Checking the bank statement
  - Verifying checks in the check register
  - Verifying deposits and ATM transactions
  - Verifying check card transactions
  - Correcting entry errors in the check register
  - Correcting deposit or ATM transaction amounts in the check register
  - Correcting check card transaction amounts in the check register
  - Correcting errors of omission in the check register
  - Finding outstanding transactions
3. Practice reading a bank statement
4. Practice reconciling an account
  - Have students supplement this activity by balancing their parents' accounts

discussion 

 overhead 6-H

 overhead 6-I

student activity 6-3



student activity 6-4




## electronic banking service

- Direct deposit
- Automated payments
- Automatic teller machine
- Point-of-sale transactions
- Stored-value cards
- Electronic cash
- Cyberbanking
- Smart cards

 overhead 6-J

 overhead 6-K

 **www. web activity:**

Have students do a Web search to obtain information about online banking.



## lesson six quiz

 **QUIZ** quiz 6-5

# **lesson six**

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## **banking services**



**supplemental materials**



# banking terms

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## **account**

Money deposited with a financial institution for investment and/or safekeeping purposes.

## **assets**

Items of monetary value (e.g., house, land, car), owned by an individual or a company.

## **atm**

Acronym for automated teller machine.

## **balance**

An outstanding amount of money. In banking, balance refers to the amount of money in a particular account. In credit, balance refers to amount owed.

## **bank**

An establishment for lending, issuing, borrowing, exchanging, and safeguarding money.

## **bond**

An IOU issued by a corporation, the U.S. Government, or a city and held by the lender as receipt that the business or institution has borrowed a specific amount of money. All bonds pay interest yearly and are payable in full at a specified date written on the bond.

## **bounced check**

A check that a bank has refused to cash or pay because you have no funds to cover it in your account.

## **canceled check**

A “used” check that has been paid and subtracted from the check-writer’s account. Canceled checks have extra data on them from the bank. They are usually mailed to the writer each month with the statement, although many banks keep records that are available upon request. Canceled checks are excellent receipts that should be kept for reference and tax purposes.

## **capital**

A stock of accumulated wealth used or available for producing more wealth.

## **cash**

Money in the form of paper and coins (e.g., U.S. dollars and cents). In banking, the act of paying a check.

## **cashier’s check**

A check issued by a bank, drawn on its own funds rather than on one of its depositors.

## **certificate of deposit**

A savings account in which an individual promises to deposit the money for a set period of time, for which the bank pays higher interest than a regular savings account.

## **charge card**

A plastic card that gives access to a line of credit. The line of credit is theoretically limitless, but users are expected to repay their balance in full every month.

## **check**

Any written document instructing a bank to pay money from the writer’s account.

## **check card**

A banking card enhanced with ATM (automated teller machine) and point-of-sale (POS) features that can be used to purchase goods and services electronically. The card replaces cash or checks. Transactions are deducted from the cardholder’s checking account either immediately or within one to three days. Depending upon the type of card, a check card may require a signature or entering a PIN number into special equipment.

# banking terms (continued)

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## checking account

An account for which the holder can write checks. Checking accounts pay less interest than savings accounts, or none at all.

## clear

A check “clears” when its amount is debited (subtracted) from the payer’s account and credited (added) to the payee’s account.

## collateral

Anything that a bank accepts as security against the debtor’s not repaying a loan. If the debtor fails to repay the loan, the bank is allowed to keep the collateral. Collateral is most commonly in the form of real estate (e.g., a home).

## commercial bank

Nongovernmental financial institutions. Sometimes called full-service banks because they provide a wide range of services, such as checking and savings accounts, credit and loan arrangements, and safety deposit box rentals. Commercial banks also sell and redeem U.S. savings bonds.

## compound interest

Interest calculated not only on the original principal, but also on the interest already accrued.

## credit

In business, buying or borrowing on the promise to repay at a later date. In any credit arrangement there is a creditor (a person, bank, store, or company to whom money is owed) and a debtor (the person who owes money). In bookkeeping, a sum of money due to an individual or institution.

## credit bureau

An agency that checks credit information and keeps a complete file on people who apply for and use credit.

## credit card

A plastic card that gives access to a line of credit. Users are limited in how much they can charge, but they are not required to repay the full amount each month. Instead the balance (or “revolve”) accrues interest with only a minimum payment due.

## credit rating

A financial institution’s evaluation of whether a person is suitable to receive credit. Credit ratings are based on an individual’s character, capacity to repay, and capital.

## credit union

A member-owned financial institution, either state or federally chartered. Often more competitive than banks and savings and loan associations because its nonprofit status makes its operating costs lower.

## currency

Money—anything used as a common medium of exchange. In practice, currency means cash, particularly paper money. Bankers often use the phrase “coin and currency” to refer to cents and dollars.

## debit

A bookkeeping term for a sum of money owed by an individual or institution; a charge deducted from an account.

## debit card

*See check card*

# banking terms (continued)

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**demand deposit**

A checking account.

**deposit slip**

An itemized slip showing the exact amount of paper money, coin, and checks being deposited to a particular account.

**depositor**

An individual or company that puts money in a bank account.

**endorse**

To write the payee's own signature on the back of a check before cashing, depositing, or giving it to someone else. The first endorsement must be made by the payee to authorize the transaction. Later endorsements may be made by whoever receives the check.

**federal reserve system**

A governmental agency established by Congress to organize and regulate banking throughout the United States. The twelve reserve banks keep paper and currency reserves for affiliated banks.

**interest**

The fee paid for the use of money. Interest may be paid, for example, by an individual to a bank for credit card use, or by a bank to an individual for holding a savings account; interest is expressed in terms of annual percentage rate (APR).

**joint account**

A savings or checking account established in the names of more than one person (e.g., parent/child, wife/husband).

**liabilities**

Money owed to individuals, businesses, or institutions.

**line of credit**

An authorized amount of credit given to an individual, business, or institution.

**market economy**

An economic system permitting an open exchange of goods and services between producers and consumers, such as is found in the United States.

**money**

Anything generally recognized as a medium of exchange.

**mortgage**

A long-term loan obtained by individuals to buy a home that legally transfers ownership from the debtor to the creditor until the debt is paid.

**overdraft**

A check written for more money than is currently in the account. If the bank refuses to cash the check, it is said to have "bounced."

**passbook**

A booklet given by the bank to the depositor to record deposits, withdrawals, and interest earned on a savings account.

**payee**

An individual or company to whom a check is written; one who receives money as payment.

**payer**

An individual or company who writes a check; one who gives money as payment.

**principal**

The original amount of money borrowed, deposited, or invested before interest accrues.

# banking terms (continued)

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## **refinance**

To revise a loan agreement to make the terms of payment more suitable to a borrower's present income and ability to repay. Refinancing usually provides a lower interest rate and lower monthly payments over a longer period of time.

## **savings account**

A bank account that accrues interest in exchange for use of the money on deposit.

## **savings and loan association**

State-chartered or federally-chartered financial intermediary that accepts deposits from the public and invests those funds primarily in residential mortgage loans.

## **service charge**

A monthly fee a bank charges for handling a checking account.

## **stop payment**

A request made to a bank to not pay a specific check. If requested soon enough, the check will not be debited from the payer's account. Normally there is a charge for this service.

## **terms**

The period of time and the interest rate arranged between creditor and debtor to repay a loan.

## **withdrawal**

An amount of money taken out of an account.

# a primer on check and ATM cards

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The following information has been gathered in order to assist you as you introduce your students to the latest trends in the wide range of financial service products, namely debit cards.

## **what is a debit card?**

A debit card is a service provided by a bank. It is a banking card enhanced with automated teller machine (ATM) and point-of-sale features to become a debit card. It can be used for purchases at merchants. Each financial institution creates an identity for its debit card to customize the product and differentiate it in the market. Debit cards are linked to an individual's checking account, allowing funds to be withdrawn at the ATM and point-of-sale without writing a check. Debit cards are sometimes called debit cards or deposit access cards.

## **what is an example of a debit card?**

A debit card is a financial institution's ATM card with point-of-sale features that incorporates a specific acceptance mark (Visa® or MasterCard®). Payment is completed by signing a sales draft or by entering a PIN number and then the amount of the sale is deducted from the cardholder's checking account within one to three days.

A debit card is accepted anywhere consumers use their Visa or MasterCard credit card.

Another type of deposit access card is an ATM card bearing a PLUS® or CIRRUS® logo that, when used at the ATM or merchant location that accepts PLUS or CIRRUS with the entry of a PIN, will automatically deduct the sales amount from the cardholder's checking account.

A regular ATM card doesn't have a Visa or MasterCard logo, but instead has a PLUS or CIRRUS logo and is good only where the merchant accepts those brands or at an ATM.

## **what does it do?**

A debit card enables the cardholder to pay for purchases via a bank card linked to their checking account, replacing cash and checks.

## **how is a debit card used?**

When using a debit card to pay for goods and services, the purchase amount is deducted from the cardholder's checking account. Depending on the type of card, processing a check card transaction requires the cardholder either to sign a sales draft, or to enter a PIN into special terminal equipment, just like at an ATM.

## **benefits of using a debit card:**

- Convenience. The payment process at the checkout counter is made quicker and more convenient. No need to fill out a check or to present identification and wait while the identification is written down or verified.
- Eliminates the need to carry a checkbook and a lot of cash.
- Doesn't deplete the available cash in your wallet.
- Can be used out of town or at locations where personal checks are not accepted.
- Reduces the possibility of loss or theft of cash.

# a primer on check cards (continued)

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## **disadvantages of using debit cards:**

- Although accepted at over 10.5 million locations around the world, debit cards cannot be used in all situations (making cash and checks necessary in some situations).
- The cardholder must be certain of his or her checking account balance as it might be possible to make purchases beyond the funds available.

## **where are check cards accepted?**

Check cards can be used at merchant locations wherever the card logo is displayed.

## **what does it cost?**

Banks determine the fees for each card and/or transaction.

## **how do you keep track of your check card transactions?**

Debit card holders receive a receipt at each ATM or merchant location. Users typically record debit card purchases in the registers of their checking accounts provided by their financial institutions. By deducting debit card transactions from an account on a regular basis, a debit card holder will be able to maintain the most up-to-date available balance.

## **what if you lose your ATM receipt?**

All check card transactions will appear as deductions on your next checking account statement from your financial institution.

# lesson seven

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about credit



teacher's guide

*"If you would know the  
value of money, go  
and borrow some."*

- Benjamin Franklin





## **WWW. web sites for consumer credit**

The Internet is probably the most extensive and dynamic source of information in our society. The following Web sites can provide students and others with current information, assistance, and data related to this lesson. Web addresses ending in “.com” are commercial; “.org” are nonprofit; and “.gov” are government.

|   |  |
|---|--|
| Comparison of Costs & Features          | <a href="http://www.cardtrak.com">www.cardtrak.com</a>   |
| Credit Cost Calculators                 | <a href="http://www.centura.com/formulas/calc.html">www.centura.com/formulas/calc.html</a>   |
| Credit Law Information                  | <a href="http://www.ftc.gov">www.ftc.gov</a><br><a href="http://www.federalreserve.gov">www.federalreserve.gov</a><br><a href="http://www.pirg.org">www.pirg.org</a> |
| Credit Reports Information              | <a href="http://www.equifax.com">www.equifax.com</a><br><a href="http://www.experian.com">www.experian.com</a><br><a href="http://www.tuc.com">www.tuc.com</a>       |
| Current Loan & Credit Card Rates        | <a href="http://www.bankrate.com">www.bankrate.com</a><br><a href="http://www.banx.com">www.banx.com</a>   |
| Debt Counselors of America              | <a href="http://www.dca.org">www.dca.org</a>   |
| National Center for Financial Education | <a href="http://www.ncfe.org">www.ncfe.org</a>   |
| National Foundation for Consumer Credit | <a href="http://www.nfcc.org">www.nfcc.org</a>   |
| RAM Research                            | <a href="http://www.ramresearch.com">www.ramresearch.com</a>   |
| Visa                                    | <a href="http://www.visa.com">www.visa.com</a><br><a href="http://www.rankit.com">www.rankit.com</a>   |

**Note:** Addresses and content of Web sites change, and new sites are created daily. Use search engines such as Yahoo, AltaVista, Infoseek, Lycos, or Hotbot to update and locate Web sites related to this topic.

# about credit lesson outline

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## overview

In today's world, using credit has been integrated into everyday life. From renting a car to reserving an airline ticket or hotel room, credit cards have become a necessary convenience. However, using credit wisely is critical to building a solid credit history and maintaining fiscal fitness. While most students have a general idea about the advantages and disadvantages of credit, this lesson provides an opportunity to discuss these issues in more detail.

"How does a person establish credit?" Young people and others commonly ask this question. The credit-worthiness factors of character, capital, and capacity are covered in this chapter to assist students with understanding how to start and maintain a credit record.

Once a person decides to use credit, an awareness of the types of credit is needed. Single-payment credit, installment credit, and revolving credit are discussed. Finally, students will start to understand how much credit might be appropriate for their situation.

## goals

Provide an awareness and understanding of what credit is and of the rights and responsibilities of using credit.

## lesson objectives

- Understand some of the reasons for getting credit
- Understand some of the advantages and disadvantages of using credit
- Understand why banks issue credit
- List and understand some of your rights and responsibilities as a consumer
- Understand credit worthiness
- List some of the reasons for establishing a credit history and understand how a credit history is built
- List and understand the three principal types of consumer credit
- Determine a safe debt load

## overheads

- 7-A** Advantages and Disadvantages of Credit
- 7-B** The Three C's
- 7-C** Your Responsibilities
- 7-D** Your Rights
- 7-E** Building a Credit History
- 7-F** A Credit Report
- 7-G** Manner of Payment Codes
- 7-H** Types and Sources of Credit
- 7-I** How Much Can You Afford (The 20-10 Rule)

## activities

### **7-1** Should They Use Credit?

### **7-2** Test Your Credit Knowledge

- Distribute the test and give students approximately 15 minutes to complete it. When they are finished, discuss their answers. Reinforce facts and concepts of credit.

### **7-3** How Much Can They Safely Carry?

- Students plan and calculate safe debt loads for other consumers.
- Distribute the exercise, giving students about 20 minutes to complete it. When they are finished, discuss the answers, writing their calculations on the board.

### **7-4** Lesson Seven Quiz

**For more information, please refer to the Appendix.**

## about credit target audiences

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### Learning Activities Appropriate to Varied Target Audiences for Lesson Seven



| activity              | teenagers<br>(14-18) | young adults<br>(19-35) | adults<br>(36+) |
|-----------------------|----------------------|-------------------------|-----------------|
| Student Activity 7-1  | ●                    | ●                       |                 |
| Web Activity          | ●                    | ●                       | ●               |
| Oral Presentation     | ●                    | ●                       |                 |
| Video Activity        | ●                    | ●*                      |                 |
| Student Activity 7-2  | ●                    | ●                       | ●               |
| Student Activity 7-3  |                      | ●                       | ●               |
| Lesson Seven Quiz 7-4 | ●                    | ●                       | ●               |

\* Recommended for individuals between ages 19 and 25.

## what is consumer credit?

1. Definition
2. Brief history

discussion



## why get credit?

1. Establish a credit history
2. Advantages of having credit
  - Buying needed or wanted services and goods using anticipated future income
  - Not having to carry cash
  - Having a record of purchases
  - More convenient than writing checks for each purchase
  - Consolidating bills
3. Disadvantages of having credit
  - Interest payments
  - Credit cards can be lost or stolen
  - Membership fees
  - Overspending becomes too easy
  - Financial trouble may arise if card is not managed properly

discussion



overhead 7-A

activity 7-1



(This exercise may be done individually or as a small group activity.)

## why banks issue credit

1. To offer service to customers
2. To make money

discussion



## credit worthiness

1. Character
2. Capital
3. Capacity

discussion



overhead 7-B

# about credit teaching notes

## your responsibilities

1. Not to run up more debt than you can comfortably repay
2. Not to exceed the credit limit established by your creditor
3. Not to sell merchandise before completely paying the creditor, if the seller has retained the title or has a lien against it
4. To notify the creditor immediately if your credit card is lost or stolen
5. To never give your card number over the phone unless you have initiated the call or you are certain of the caller's identity

discussion



overhead 7-C

## your rights

1. Truth in Lending Act
2. Fair Credit Reporting Act
3. Equal Opportunity Act
4. Fair Credit Billing Act
5. Fair Debt Collection Practices Act
6. State Statutes
  - Restricting amount of interest that can be charged (usury laws)
  - To obtain more extensive information

discussion



overhead 7-D

## building a credit history

1. Credit bureaus—what they are and how they work
2. How to establish a good credit history
  - Pay bills on time
  - Pay monthly rent payments on time
  - Use layaway plans
  - Get a limited-use credit card and pay bills promptly
  - Establish and use a transaction account (such as a checking account)

discussion 



overhead 7-E

 **www. web activity:**

Have students visit one or more of the Web sites of major credit reporting companies:

**[www.equifax.com](http://www.equifax.com)**  
**[www.experian.com](http://www.experian.com)**  
**[www.tuc.com](http://www.tuc.com)**



## a credit report

1. What a credit report covers and what it looks like
  - Identification and employment data
  - Payment history
  - Inquiries
  - Public record information
2. Credit scoring, manner of payment codes
  - How you can get a black mark
  - What creditors look for—the three C's
3. What to do if you have a bad credit report
4. How time affects your credit report
5. How to handle mistakes



overhead 7-F and 7-G



**oral presentation:**

Have students present in class (or on video) several positive and negative actions that would affect a person's credit history.



# about credit teaching notes

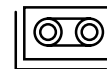
## types of credit

1. Noninstallment credit
  - Regular
  - 30-day charge accounts
  - Travel and entertainment cards
  - How to use and best time to use (paid off every month)
2. Regular installment credit
  - Car loan
  - Furniture purchase
  - How to use and best time to use
3. Revolving credit
  - Department store cards
  - Bank cards
  - How to use and best time to use

discussion



overhead 7-H



video case study B

## test your credit knowledge

1. Multiple choice, fill-in-the-blank, and matching test

student activity 7-2



## how much can you afford?

1. The 20-10 rule
  - What it means
  - Examples
2. Exercises

discussion

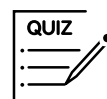


overhead 7-I

student activity 7-3



## lesson seven quiz



quiz 7-4

# lesson eight

---

credit cards



teacher's guide

*"Responsibility, the high  
price of self-ownership."*

- Eli Scleifer





## **WWW. web sites for information on credit cards**

The Internet is probably the most extensive and dynamic source of information in our society. The following Web sites can provide students and others with current information, assistance, and data related to this lesson. Web addresses ending in “.com” are commercial; “.org” are nonprofit; and “.gov” are government.

|   |  |
|---|--|
| Comparison of Costs & Features          | <a href="http://www.cardtrak.com">www.cardtrak.com</a>   |
| Credit Cost Calculators                 | <a href="http://www.centura.com/formulas/calc.html">www.centura.com/formulas/calc.html</a>   |
| Credit Law Information                  | <a href="http://www.ftc.gov">www.ftc.gov</a><br><a href="http://www.federalreserve.gov">www.federalreserve.gov</a>   |
| Credit Reports Information              | <a href="http://www.equifax.com">www.equifax.com</a><br><a href="http://www.experian.com">www.experian.com</a><br><a href="http://www.tuc.com">www.tuc.com</a> |
| Current Loan & Credit Card Rates        | <a href="http://www.bankrate.com/bankrate/publ/tips.htm">www.bankrate.com/bankrate/publ/tips.htm</a><br><a href="http://www.banx.com">www.banx.com</a>         |
| Debt Counselors of America              | <a href="http://www.dca.org">www.dca.org</a>   |
| National Center for Financial Education | <a href="http://www.ncfe.org">www.ncfe.org</a>   |
| National Foundation for Consumer Credit | <a href="http://www.nfcc.org">www.nfcc.org</a>   |
| RAM Research Group                      | <a href="http://www.ramresearch.com">www.ramresearch.com</a>   |
| Visa                                    | <a href="http://www.visa.com">www.visa.com</a><br><a href="http://www.rankit.com">www.rankit.com</a>   |

**Note:** Addresses and content of Web sites change, and new sites are created daily. Use search engines such as Yahoo, AltaVista, Infoseek, Lycos, or Hotbot to update and locate Web sites related to this topic.

# credit cards lesson outline

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## overview

What is APR? What is a grace period? What are transaction fees?

These and other questions will be answered in this lesson as students learn about credit cards. Most people do not realize that different types of credit cards exist (e.g., bank cards, store cards, and travel and entertainment cards).

As students start to shop for their first (or next) credit card, this lesson will make them aware of various costs and features. Included in this section is a discussion of the methods for calculating finance charges.

“What protection do consumers have related to credit use?” Various federal laws protect our rights as we apply for and use credit. For example, the Fair Credit Billing Act sets up a procedure for the quick correction of mistakes on consumer credit accounts. Here, students will be given an opportunity to analyze the information contained on a credit card statement.

To assist students with making wise decisions related to credit cards, several shopping tips are offered. Finally, once again, students are reminded of guidelines related to determining safe debt loads.

## goals

Develop skills to compare and evaluate the terms and conditions of various credit cards, and understand the legal and financial responsibilities involved.

## lesson objectives

- List three types of credit card accounts, and explain the uses and payment methods of each
- Understand how to shop for a credit card
- Read and interpret a credit card statement
- Understand how to deal with billing errors
- Understand the long-term results of overextending your credit uses
- Determine safe personal debt loads

## overheads

- 8-A** Shopping for a Credit Card
- 8-B** Calculating Finance Charges
- 8-C** Examples of Finance Charges
- 8-D** Comparing Credit Cards
- 8-E** What to Do if You're Denied Credit
- 8-F** Reading a Credit Card Statement

**8-G** Dealing with Billing Errors

**8-H** Other Credit Card Protections

**8-I** Credit Card Do's and Don'ts

**8-J** How Much Can You Afford? (the 20-10 rule)

## activities

**8-1** Shopping for Credit

- Discuss how costs and features can vary between credit cards, and have students apply their findings by making a decision about which kind of card they would use to purchase a CD player.
- Using the form provided, ask teams of students to shop for three credit cards (two major credit cards and one from a local department store). When they've finished their research, ask them to answer a series of questions about their findings.
- When all the teams have finished their research and completed the questions, have each team explain to the class how they determined which credit card they would recommend for purchasing a CD player (question 9). Have the class critique the logic each team used to arrive at their decision.

**8-2** What Does Your Statement Tell You?

- Students can take a close look at a credit card statement and see what kind of information it contains.
- Using the credit card statement provided, have students answer the questions attached to the statement.

**8-3** How Much Does It Really Cost?

- Have students calculate the total cost of items bought on credit.
- Have students answer the questions. Discuss their answers. Was anyone surprised at their answers? Would they have made different choices about buying the items?
- This can be a good time to talk about values, needs versus wants, budgeting, and the pros and cons of using credit.

**8-4** How Deep Can They Go?

- Students determine safe debt loads for several consumers.
- Have students answer the questions and document how they arrived at each answer. When they're done, review the answers and the formulas used.

**8-5** Lesson Eight Quiz

**For more information, please refer to the Appendix.**

## credit cards target audiences

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Learning Activities Appropriate to Varied Target Audiences for Lesson Eight



| activity              | teenagers<br>(14-18) | young adults<br>(19-35) | adults<br>(36+) |
|-----------------------|----------------------|-------------------------|-----------------|
| Web Activity          | •                    | •                       | •               |
| CD-ROM Activity       | •                    | •                       | •               |
| Student Activity 8-1  | •                    | •                       | •               |
| Student Activity 8-2  | •                    | •                       |                 |
| Class Speaker         | •                    | •                       | •               |
| Written Presentation  | •                    | •                       |                 |
| Student Activity 8-3  | •                    | •                       | •               |
| Student Activity 8-4  | •                    | •                       | •               |
| Lesson Eight Quiz 8-5 | •                    | •                       | •               |

## types of credit card accounts

1. Bank card
  - Examples (Visa, MasterCard)
  - Best use of
  - Sample cost/method of payment
2. Store card or priority card
  - Examples
  - Best use of
  - Sample cost/method of payment
3. Travel and entertainment card
  - Examples (American Express®, Carte Blanche®, Diner's Club®)
  - Best use of
  - Sample cost/method of payment

discussion



## shopping for a credit card

1. Determining the best use of a card as a personal money management device
  - Pay bill in full each month and avoid interest charges
  - Repay bill over time and pay interest charges
2. Costs and features of credit cards
  - Annual Percentage Rate (APR)
  - Grace period
  - Annual fee
  - Transaction fee
  - Balancing computation method for finance charge
  - Credit limit
  - How widely card is accepted
  - What services and features are available
3. Calculating finance charges (APR)
  - Average daily balance
  - Adjusted balance
  - Previous balance
  - Past due balance
  - Examples
4. Comparing the costs and features of credit cards



overhead 8-A



Have students obtain current credit cards rates at **www.bankrate.com** (or other Web sites).



overhead 8-B



# credit cards teaching notes

## shopping for a credit card (continued)

5. Reading a credit application
  - Interpreting features and costs
  - Examples
6. Before signing
  - Know the details of the contract
  - Ask, if you are not sure
7. Shopping for a credit card
  - Compare costs and features
  - What did you find?
8. What to do if you are denied credit



overhead 8-C



overhead 8-D

discussion



student activity 8-1



overhead 8-E

## reading a credit card statement

1. What it looks like
2. How to read one



overhead 8-F

student activity 8-2



## dealing with billing errors

1. Fair Credit Billing Act
2. Steps to take



overhead 8-G

## other credit card protections

1. Prompt credit reporting
  - Your account must be credited on the day your payment is received.
2. Refunds of credit balances
  - If requested, card issuer must send refund within seven business days of receiving your request.
3. Unauthorized charges
  - If a card is reported lost before being used, you cannot be held responsible for any charges.
  - If a card is used before loss is reported, you are liable for no more than \$50.00.
  - Bank that issued credit card will take legal action against unauthorized user.
4. Disputes about merchandise or services
  - In some circumstances, you have the right to withhold payment for merchandise or services from the credit issuer.

discussion



overhead 8-H

## how you can protect yourself

1. Keep records
  - Card number
  - Phone number to call if card is lost or stolen
  - Until bill arrives, receipts for purchases and returns
  - Receipts for merchandise ordered that has not yet arrived but appear on your bill
  - Record of telephone orders and confirmation numbers
2. Protect yourself against fraud
  - Always keep card with you or store in a safe place.
  - When using card, watch person who is running charges (to be sure duplicate is not made).
  - Never give card number over the phone if you did not initiate the call.
  - Report lost or stolen cards immediately.
  - Carefully read the bills before paying. Compare amount on receipts to amounts on bill. Don't always assume the bill is correct
  - Keep receipts; shred when not needed.
  - Destroy unused credit card solicitations.

discussion



class speaker:



Have a security person from a financial institution or a law enforcement person talk to class about credit card fraud and theft.



# credit cards teaching notes

## summary of credit card do's and don'ts

1. Shop around
2. Look at various sources
3. Read the contract carefully
4. Don't rush into signing anything
5. Once signed, get copy of contract
6. Know the penalties for missed payments
7. Figure out total price when paying with credit
8. Make the largest payments you comfortably can
9. Buy on installment credit only after evaluating all other possibilities
10. Don't be misled into thinking small payments will be easy

discussion



overhead 8-1

## advantages of using credit cards

1. Ability to use item while paying for it
2. No need to carry cash
3. Use of card builds credit history
4. Quick source of funds in an emergency
5. No extra charge if bill is paid in full each month
6. Consumer protection

discussion



## disadvantages of using credit cards

1. Card can be lost or stolen
2. Credit card fraud possible
3. Must pay interest charges/card fees
4. Need to establish credit worthiness before getting card
5. Wrong information may appear on credit record
6. Easy to allow bill to get too high

discussion



**written presentation:**

Have students create a newsletter (or Web site) with suggestions for selecting and using a credit card. This newsletter (or Web site) can include Web sites (or links to Web sites) available to obtain credit cards.



## how much does it really cost?

1. How to calculate the total cost of an item bought on credit and paid for over time
2. Exercises

### activity 8-3



### activity 8-4



## determining maximum credit load

1. Explaining the 20-10 rule of limiting debt
2. Exercises



### overhead 8-J

## lesson eight quiz



### quiz 8-5



# lesson nine

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**cars and loans**



**teacher's guide**

***"Riding along in my automobile***

***with no particular place to go."***

**- Chuck Berry**



**WWW. web sites for cars and loans**

The Internet is probably the most extensive and dynamic source of information in our society. The following Web sites can provide students and others with current information, assistance, and data related to this lesson. Web addresses ending in “.com” are commercial; “.org” are nonprofit; and “.gov” are government.

|                                       |  |
|---------------------------------------|--|
| Auto Insurance Information            | <a href="http://www.insure.com">www.insure.com</a>   |
| Auto Insurance Information            | <a href="http://www.insurancemarket.com">www.insurancemarket.com</a>   |
| Comparison of Cost and Features       | <a href="http://www.cardtrak.com">www.cardtrak.com</a>   |
| Consumer Reports                      | <a href="http://www.consumerreports.org">www.consumerreports.org</a>   |
| Crash Test and Insurance-Related Data | <a href="http://www.carsafety.org">www.carsafety.org</a>   |
| Credit Cost Calculators               | <a href="http://www.centura.com/formulas.calc.html">www.centura.com/formulas.calc.html</a>   |
| Current Loan and Credit Card Rates    | <a href="http://www.bankrate.com/bankrate/publ/tips.htm">www.bankrate.com/bankrate/publ/tips.htm</a><br><a href="http://www.banx.com">www.banx.com</a> |
| Driving Safety Information            | <a href="http://www.hwysafety.org">www.hwysafety.org</a>   |
| Government Information Sources        | <a href="http://www.consumer.gov">www.consumer.gov</a>   |
| Motor Vehicle Purchasing Tips         | <a href="http://www.well.com/user/kr2/">www.well.com/user/kr2/</a>   |
| Prices of New and Used Cars           | <a href="http://www.edmunds.com">www.edmunds.com</a><br><a href="http://www.kbb.com">www.kbb.com</a>   |
| RAM Research Group                    | <a href="http://www.ramresearch.com">www.ramresearch.com</a>   |
| Visa                                  | <a href="http://www.visa.com">www.visa.com</a><br><a href="http://www.rankit.com">www.rankit.com</a>   |

**Note:** Addresses and content of Web sites change, and new sites are created daily. Use search engines such as Yahoo, AltaVista, Infoseek, Lycos, or Hotbot to update and locate Web sites related to this topic.

# **cars and loans** lesson outline

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## **overview**

“Should I buy a new car or a used car?”

“Where is the best place to finance my automobile purchase?”

“Is it better to take the rebate or the low-rate financing plan?”

These are typical questions asked by people buying vehicles. In this lesson, students are asked to identify costs associated with owning and operating a motor vehicle. Since these costs are commonly underestimated, guidelines are provided on how much to spend when buying vehicles.

What actions should a person take when buying a car? This material reviews decision making along with comparing used and new cars. In addition, warranties, service contracts, and financing the purchase are also covered. Other issues related to using credit for buying a car include the information required by the Truth-in-Lending law, use of a co-signer, and repossession.

Finally, various aspects of auto insurance are discussed. Students will learn about types of coverages, factors affecting insurance costs, and comparing insurance companies.

## **goals**

Investigate the legal and financial responsibilities of buying, maintaining, insuring, and operating a car, and translate those responsibilities into a monthly budget.

## **lesson objectives**

- List some of the costs of owning and operating a car
- Given a budget, decide how much you can afford to pay for a car
- List some of the things you should research and some decisions you should make before you begin to shop for a car
- Understand the differences between various kinds of warranties and service contracts
- List some steps you can take to resolve warranty and service contract disputes
- List some of the factors to consider when shopping for a car loan
- Calculate the total cost of various car loans
- Understand what a co-signer is, and describe when one is necessary
- List the responsibilities of a co-signer and of the person getting the loan
- List some of the factors to consider when shopping for car insurance
- List some of the factors used to set car insurance rates
- Understand the circumstances under which a vehicle can be repossessed, and list the legal rights and responsibilities of the creditor and of the debtor
- Given a budget, decide how much money can safely be spent each month to own, operate, and maintain a car
- Know the advantages and disadvantages of leasing a motor vehicle

## **overheads**

- 9-A** Costs of Owning and Operating a Motor Vehicle
- 9-B** How Much Can You Afford? (the 20-10 rule)
- 9-C** Consumer Decision Making
- 9-D** Shopping for a Used Car
- 9-E** Sources of Used Cars
- 9-F** Shopping for a New Car
- 9-G** Warranties
- 9-H** Service Contracts
- 9-I** Shopping for a Car Loan
- 9-J** How to Calculate the Total Cost of a Loan
- 9-K** The Truth-in-Lending Act
- 9-L** Types of Auto Insurance Coverage
- 9-M** How Insurance Rates Are Set
- 9-N** Repossession
- 9-O** Leasing a Motor Vehicle

## **activities**

- 9-1** Operating Costs of a Motor Vehicle
  - Have students estimate various costs associated with owning and operating a motor vehicle.
- 9-2** Warranties and Service Contracts
  - Have students collect examples of automobile warranties and service contracts.
  - Discuss how various warranties and service contracts differ.
- 9-3** Shopping for a Car Loan
  - Have students shop for and compare the costs of car loans.
  - Discuss the factors that influence the total cost of a loan.
- 9-4** Shopping for Insurance
  - Have students research the cost of car insurance based on their age, gender, marital status, frequency of car use, where they live, driving record, type of cars they want, and the amount of insurance they think they need.
  - Discuss their findings—would the cost of insurance alter their budgets or change their plans about the types of cars they want? Can they still afford cars?

# **cars and loans** lesson outline

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## **9-5** How Much Would You Spend?

- Using the scenarios provided, have students decide how much can be spent safely each month to own, operate, and maintain a car.

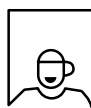
## **9-6** Lesson Nine Quiz

**For more information, please refer to the Appendix.**

## cars and loans target audiences

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Learning Activities Appropriate to Varied Target Audiences for Lesson Nine



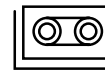
| activity             | teenagers<br>(14-18) | young adults<br>(19-35) | adults<br>(36+) |
|----------------------|----------------------|-------------------------|-----------------|
| Video Activity       | •                    | •                       |                 |
| Survey/Interview     | •                    | •                       | •               |
| Student Activity 9-1 | •                    | •                       |                 |
| Field Activity       | •                    | •                       |                 |
| Web Activity         | •                    | •                       | •               |
| Student Activity 9-2 | •                    | •                       | •               |
| Student Activity 9-3 |                      | •                       | •               |
| CD-ROM Activity      | •                    | •                       | •               |
| Interview            | •                    | •                       |                 |
| Oral Presentation    | •                    | •                       |                 |
| Student Activity 9-4 | •                    | •                       |                 |
| Student Activity 9-5 | •                    | •                       | •               |
| Lesson Nine Quiz 9-6 | •                    | •                       | •               |

# **cars and loans** teaching notes

## **costs of owning a car**

1. Initial purchase price
2. Registration and title costs
3. Sales tax
4. Financing costs
5. Depreciation
6. Insurance
7. Scheduled maintenance
8. Storage (renting garage space)

discussion



video case  
study B

overhead 9-A



**survey/interview:**

Have students obtain information from several people about the factors that influence the selection of a motor vehicle.



## **costs of operating a car**

1. Unscheduled repairs and maintenance
2. Gasoline
3. Oil and other fluids
4. Parking and tolls
5. Tickets

discussion



student activity 9-1



## **how much can you afford?**

1. The 20-10 rule
2. Working with a budget

discussion



overhead 9-B

## shopping for a car

1. Consumer decision making
  - Deciding to spend your money
  - Deciding on the right purchase
2. A used car from a dealer
  - Consider costs, reliability, dealer reputation
  - Read the “Buyer’s Guide” sticker
  - Consider the warranty and the service contract
  - What to do if you have problems
3. A used car from a private party
  - Sometimes includes manufacturer’s warranty
  - Often will cost less than from a dealer
4. A new car
  - Read about new car features and prices
  - Shop around
  - Plan to negotiate price
  - Learn the terms
  - Consider the service contract

discussion 

 overhead 9-C

 overhead 9-D



### field activity:

Compare prices and services at various sources of used cars.



 overhead 9-E

 overhead 9-F

 **www.** web activity:

Go to **www.edmunds.com** or **www.kbb.com** for information on current prices for motor vehicles.



# **cars and loans** teaching notes

## **about warranties and service contracts**

1. Types of warranties
  - As-is warranty
  - Implied warranty
  - Dealer warranty
  - Manufacturer's warranty
2. Service contracts
3. Preventing problems
4. Resolving disputes
5. Comparing promises of warranties and service contracts

discussion 

 overhead 9-G

 overhead 9-H

student activity 9-2



## **shopping for a car loan**

1. APR
2. Length of loan
3. Monthly payments
4. Total finance charge
5. Total to be repaid
6. Total cost of various loans
7. Shop around for a car loan and compare the costs

discussion 

 overhead 9-I

student activity 9-3



## **how much does it really cost?**

1. How to approximate the total cost of a loan
2. How to approximate monthly payments

discussion 

 overhead 9-J

CD-ROM  
loan calculator 

# cars and loans teaching notes

## the truth-in-lending act

1. What it covers
2. How it protects you, the consumer


discussion 

 overhead 9-K

## do you need a co-signer?

1. What a co-signer is
2. When you need one
3. Responsibilities
  - Yours
  - Co-signer's

discussion 

**interview:**   
Talk to someone who has co-signed a loan to learn more about this situation.




## about auto insurance


1. Importance of
2. Types of coverage
  - Bodily injury liability
  - Property damage liability
  - Collision
  - Comprehensive
  - Medical payments
  - Uninsured motorist
  - Rental reimbursement
  - Towing and labor
3. How insurance rates are set
  - Age
  - Sex
  - Marital status
  - Personal habits (e.g., smoking)
  - Type of use
  - Frequency of use
  - Location
  - Driving record deductible
  - Type of car
  - Value and age of car

discussion 

 overhead 9-L

discussion 

 overhead 9-M

 **oral presentation:**  
Have students prepare a video or in-class presentation with suggestions for reducing the cost of auto insurance.

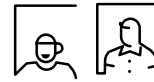


# **cars and loans** teaching notes

## **about auto insurance (continued)**

4. Investigate the cost of car insurance in your area
  - Type of coverage
  - Type of car
  - Cost factors

## **student activity 9-4**



## **how much would you spend?**

1. Cost of driving off lot
  - Down payment
  - Tax
  - License
  - Other
2. Car payment
3. Monthly operating costs
4. Monthly maintenance costs
5. Monthly insurance premium
6. Unplanned maintenance and operating costs

## **discussion**



## **student activity 9-5**



## **about repossession**

1. Reasons for
2. Creditor rights
  - Seizing the car
  - Reselling the car
3. Your rights
  - Buying the car back
4. Your legal responsibilities
  - Paying the deficiency
5. What you can do

## **discussion**



## **overhead 9-N**

## **leasing a motor vehicle**



## **overhead 9-O**

## **lesson nine quiz**



## **quiz 9-6**

# lesson ten

## the influence of advertising



teacher's guide

*"You can tell the ideals of a  
nation by its advertisements."*

- Norman Douglas



# the influence of advertising web sites



## **WWW. web sites for advertising**

The Internet is probably the most extensive and dynamic source of information in our society. The following Web sites can provide students and others with current information, assistance, and data related to this lesson. Web addresses ending in “.com” are commercial; “.org” are nonprofit; and “.gov” are government.

|                                      |  |
|--------------------------------------|--|
| Better Business Bureau               | <a href="http://www.bbb.org">www.bbb.org</a>   |
| Brand, Price, and Feature Comparison | <a href="http://www.compare.net">www.compare.net</a><br><a href="http://www.pricescan.com">www.pricescan.com</a>   |
| Consumer Reports                     | <a href="http://www.consumerreports.org">www.consumerreports.org</a>   |
| Consumer Topics                      | <a href="http://www.consumerworld.org">www.consumerworld.org</a>   |
| Government Information Sources       | <a href="http://www.consumer.gov">www.consumer.gov</a><br><a href="http://www.pueblo.gsa.gov">www.pueblo.gsa.gov</a><br><a href="http://www.fte.gov">www.fte.gov</a> |
| Legal Information for Consumers      | <a href="http://www.consumerlawpage.com">www.consumerlawpage.com</a><br><a href="http://www.nolo.com">www.nolo.com</a>   |
| National Fraud Information Center    | <a href="http://www.fraud.org">www.fraud.org</a>   |
| Visa                                 | <a href="http://www.visa.com">www.visa.com</a><br><a href="http://www.rankit.com">www.rankit.com</a>   |

**Note:** Addresses and content of Web sites change, and new sites are created daily. Use search engines such as Yahoo, AltaVista, Infoseek, Lycos, or Hotbot to update and locate Web sites related to this topic.

# the influence of advertising lesson outline

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## overview

Do you know people who are easily influenced by advertising? Can you think of any advertisements that provide useful information?

Each year, advertising becomes more widespread in our society with promotions in schools, product placements in movies, and corporate sponsorship of major sporting events. In this lesson, students will become aware of the various techniques and appeals used to influence consumer behavior. The sales techniques used by major companies will also be considered as students expand their awareness.

Warnings must also be sounded. Unethical selling techniques such as bait and switch as well as common deceptive promotions like health fraud and get rich quick schemes are discussed here. This is followed by information on program-length commercials, also called “infomercials.”

Finally, students are asked to develop guidelines for viewing and evaluating advertising. This skill will prepare them to make rational decisions in our very complex marketplace.

## goal

Recognize how and when advertising techniques can influence buying decisions.

## lesson objectives

- Understand and identify basic advertising techniques and appeals
- Understand and identify deceptive or questionable advertising techniques
- Give examples of commonly seen misleading advertisements, and identify the deceptive or questionable appeals and techniques used in each
- Discriminate between facts and unsupported claims in print advertisements and in television commercials

## overheads

- 10-A** Commonly Used Advertising Techniques
- 10-B** Sales Techniques
- 10-C** Unethical Techniques
- 10-D** Examples of Misleading Advertisements
- 10-E** Program Length Commercials (Infomercials)
- 10-F** Rules for Evaluating Advertisements

# the influence of advertising lesson outline

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## activities

### **10-1** What Appeals to You? What Doesn't?

- Two weeks before giving this lesson, ask students to collect examples of ads they like and dislike. Ask students also to pay attention to TV commercials. If your classroom has a VCR, ask students to videotape commercials and to bring the tapes to class.
- Ask students to pay particular attention to facts versus unsupported claims in ads.
- Ask students to tape up their print ads around the classroom.
- Discuss what students like and dislike about the ads they've collected or watched.

### **10-2** Examples of Fraudulent or Misleading Advertisements

- Ask students to look for and bring to class print ads that they think are fraudulent or misleading.
- Ask students to tape up the print ads they have collected around the classroom.
- Discuss what fraudulent or misleading techniques and appeals are used in each ad.

### **10-3** What Techniques Are Used in Ads You Like and Dislike?

- Discuss advertising techniques and appeals used in the print advertisements taped up around the classroom.
- If you have examples of television commercials, discuss the advertising techniques and appeals found in them.

### **10-4** Try It—Make a Commercial!

- Divide the class into groups. Have each group research a product or a service.
- Ask each group to prepare a "commercial" for its product or service, using some of the techniques and appeals discussed in class.
- Have each group present its commercial to the class. Ask the class to identify the appeals and techniques each group is using.
- Review how to spot various advertising techniques and appeals that have been discussed in this lesson.
- Emphasize how to spot the difference between facts and unsupported claims.

### **10-5** Test Your Knowledge of Advertising

- Have students complete the written activity to learn about various advertising techniques.

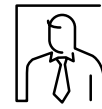
### **10-6** Lesson Ten Quiz

**For more information, please refer to the Appendix.**

# the influence of advertising target audiences

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Learning Activities Appropriate to Varied Target Audiences for Lesson Ten



| activity              | teenagers<br>(14-18) | young adults<br>(19-35) | adults<br>(36+) |
|-----------------------|----------------------|-------------------------|-----------------|
| Student Activity 10-1 | ●                    | ●                       |                 |
| Survey/Interview      | ●                    | ●                       | ●               |
| CD-ROM Activity       | ●                    | ●                       | ●               |
| Field Activity        | ●                    | ●                       |                 |
| Student Activity 10-2 | ●                    | ●                       |                 |
| Web Activity          | ●                    | ●                       | ●               |
| Student Activity 10-3 | ●                    | ●                       |                 |
| Group Activity        | ●                    | ●                       | ●               |
| Video Activity        | ●                    | ●                       |                 |
| Student Activity 10-4 | ●                    | ●                       |                 |
| Student Activity 10-5 | ●                    | ●                       | ●               |
| Lesson Ten Quiz 10-6  | ●                    | ●                       | ●               |

# the influence of advertising teaching notes

## what appeals to you and what doesn't

1. Print ads
  - Examples (from ads brought in by students)
  - What do you like?
  - What don't you like?
  - Would you buy the product or service?
2. TV commercials
  - Examples (from ads brought in by students)
  - What do you like?
  - What don't you like?
  - Would you buy the product or service?
3. Other (e.g., billboards, radio)
  - Examples
  - What do you like?
  - What don't you like?
  - Would you buy the product or service?

discussion



student activity 10-1



**survey/interview:**

Have students talk to several friends or relatives to obtain information about their uses of advertisements.

**Questions could include:**

*Do ads help you obtain price information?*

*What brand do you see advertised most often?*



CD-ROM:  
MMI



## common advertising techniques and appeals

For each method, discuss what it is and find an example in the ads brought in by students. Also discuss which techniques tend to be most effective for teenagers.

1. Information
2. Status
3. Peer approval
4. Hero endorsement
5. Sexual attraction
6. Entertainment
7. Intelligence
8. Independence
9. Unfinished comparison

discussion



overhead 10-A



**field activity:**

Have students collect examples of various advertising techniques from newspapers, magazines, or videotaping off television.



# the influence of advertising teaching notes

## sales techniques

For each technique, discuss what it is and find an example in the ads brought in by students. Also discuss which techniques tend to be most effective.

1. Guarantees
2. Scarcity
3. Perceptual contrast
4. Scientific or numerical claims
5. Negative option

discussion



overhead 10-B

## unethical techniques

For each practice, discuss what it is and find an example in the ads brought in by students. Also discuss which techniques tend to be most effective.

1. Bait and switch
2. Exploitation of fears and misgivings
3. Supermarket specials
4. Out-of-context quotations

discussion



overhead 10-C

student activity 10-2



## common misleading advertisements

For each type of ad, discuss what it is, which techniques it tends to use, and warning signs to look for.

1. "Get rich quick" schemes
2. Health fraud
3. Credit repair
4. Product misrepresentations
5. Travel fraud

discussion



overhead 10-D

**www. web activity:**



Go to **www.fraud.org** to obtain information on common consumer frauds.



## what techniques appeal to you?

student activity 10-3



# the influence of advertising teaching notes

## about program-length commercials (infomercials)

1. What they are
2. How to spot one
3. Appeals and techniques used

discussion



overhead 10-E

## basic rules for evaluating advertisements

1. Does the ad appeal to your emotions? Try to look beyond the appeal to your vanity and find out what the ad is really saying (or isn't saying) about the product or service.
2. What are the special features of the product? Do you need those features?
3. Search for fraud and deception in the ad.
4. Be alert to ads that are misleading (those that make unreasonable claims about the product or service).
5. Read the fine print or listen carefully.

discussion



overhead 10-F



**group activity:**

Have students develop a form for evaluating the usefulness of advertisements.



video case study C

## try it—make a commercial!

1. Group project
2. Class presentations
3. Class discussion

student activity 10-4



## test your knowledge of advertising

1. Written quiz

student activity 10-5



## lesson ten quiz



quiz 10-6



# lesson eleven

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consumer awareness



teacher's guide

*"Just as there must be a  
balance in what a community  
produces, so there must  
also be balance in what the  
community consumes."*

- John Kenneth Galbraith





### **WWW. web sites for advertising**

The Internet is probably the most extensive and dynamic source of information in our society. The following Web sites can provide students and others with current information, assistance, and data related to this lesson. Web addresses ending in “.com” are commercial; “.org” are nonprofit; and “.gov” are government.

|                                      |  |
|--------------------------------------|--|
| Better Business Bureau               | <a href="http://www.bbb.com">www.bbb.com</a>   |
| Brand, Price, and Feature Comparison | <a href="http://www.compare.net">www.compare.net</a><br><a href="http://www.consumer.gov">www.consumer.gov</a><br><a href="http://www.pricescan.com">www.pricescan.com</a> |
| Consumer Reports                     | <a href="http://www.consumerreports.org">www.consumerreports.org</a>   |
| Consumer Topics                      | <a href="http://www.consumerworld.org">www.consumerworld.org</a>   |
| Government Information Sources       | <a href="http://www.consumer.gov">www.consumer.gov</a><br><a href="http://www.pueblo.gsa.gov">www.pueblo.gsa.gov</a><br><a href="http://www.ftc.gov">www.ftc.gov</a>       |
| Legal Information for Consumer       | <a href="http://www.consumerlawpage.com">www.consumerlawpage.com</a>   |
| National Fraud Information Center    | <a href="http://www.fraud.org">www.fraud.org</a>   |
| Visa                                 | <a href="http://www.visa.com">www.visa.com</a><br><a href="http://www.rankit.com">www.rankit.com</a>   |

**Note:** Addresses and content of Web sites change, and new sites are created daily. Use search engines such as Yahoo, AltaVista, Infoseek, Lycos, or Hotbot to update and locate Web sites related to this topic.

# consumer awareness lesson outline

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## overview

“If you only spend money on the things you really need, you will always have money for the things you really want.”

Wise consumer buying starts with a plan. Using a systematic purchasing strategy will provide students with an ability to make more effective purchases. The use of comparative shopping techniques allows a person to carefully consider price, product attributes, warranties, and store policies. Next, this lesson covers a variety of buying methods, such as buying clubs, shopping by phone, via the mail, on the Internet, on layaway plans, and door-to-door selling.

Consumer buying makes a person a target for various consumer scams. While the frauds in the marketplace are not new, the methods used have kept up with technology. Telemarketing fraud and deceptive Internet promotions result in consumers losing several billion dollars each year.

What actions should a person take to resolve a consumer problem? This question is answered with several suggestions in the next section of this lesson. Finally, students will learn about sources of help available to them through government agencies and other organizations.

## goals

Combine decision-making methods with comparative-shopping techniques, recognize common consumer scams, and provide the knowledge and skills necessary to effectively handle consumer complaints.

## lesson objectives

- Use decision-making methods before purchasing a product or service
- Customize and use a comparative-shopping chart
- Identify alternative buying plans, and list the advantages and disadvantages of each
- Identify various consumer scams, describe how they work, and explain what you can do if you find yourself caught in one
- Understand how to handle a consumer complaint effectively
- Understand how and why to keep records of your purchases
- Identify federal and private sources for consumer information and consumer help

## overheads

- 11-A** Deciding to Buy
- 11-B** Comparative Shopping Chart 1
- 11-C** Comparative Shopping Chart 2
- 11-D** The Real Cost of a Garment
- 11-E** Buying Clubs
- 11-F** Shopping by Phone, Mail, or Online

- 11-G** Layaway Purchase Plans
- 11-H** The Cooling-Off Rule
- 11-I** Telemarketing Fraud
- 11-J** Telemarketing Fraud (continued)
- 11-K** Federal Trade Commission Telemarketing Sales Rules
- 11-L** Common (and Not-so-Common) Fraud
- 11-M** “900” Numbers
- 11-N** Contest Cons
- 11-O** Work-at-Home Schemes
- 11-P** How to Handle a Consumer Problem
- 11-Q** How to Write a Complaint Letter

## activities

- 11-1** What Would You Choose?
  - Have students bring in pictures of four purchases that reflect different values, activities, or interests in their lives.
  - Have students complete “Why I Make the Choices I Do.”
  - Discuss how personal values and attitudes influence clothing choices and how values are reflected in these choices.
  - Discuss how personal values and attitudes affect other purchasing decisions such as buying record albums or cars and dining out.
- 11-2** Practice Comparative Shopping
  - Divide the class into groups. Have each group choose an item for which to shop using comparative-shopping techniques. (There are comparative-shopping charts for an item of clothing and for a portable CD player in the print materials for this activity.) If your students aren’t interested in either of these items, choose two other items.
  - Have each group customize a decision-making chart to comparison-shop for the item (keeping certain criteria in mind as comparisons are made).
  - After students have located an item they want to purchase, have each group develop a chart that compares the costs and benefits of the item, and evaluates and prioritizes the factors they used to make their purchase decisions (this would include things listed on their comparative-shopping chart, as well as factors such as what need it fills, cost in terms of hours worked, values the item reflects, etc.).

## consumer awareness lesson outline

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### **11-3** Comparing Shopping Sources

- Select an item that could be bought from a variety of sources.
- Obtain information to compare buying this item at two or more sources.

### **11-4** Solving Consumer Problems

- Have students decide what actions to take for these consumer concerns.
- Discuss their answers, which may vary based on student analysis of the situation.

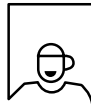
### **11-5** Lesson Eleven Quiz

**For more information, please refer to the Appendix.**

# consumer awareness lesson outline

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## Learning Activities Appropriate to Varied Target Audiences for Lesson Eleven



| activity                | teenagers<br>(14-18) | young adults<br>(19-35) | adults<br>(36+) |
|-------------------------|----------------------|-------------------------|-----------------|
| Student Activity 11-1   | •                    | •                       |                 |
| Web Activity            | •                    | •                       | •               |
| CD-ROM Activity         | •                    | •                       | •               |
| Student Activity 11-2   | •                    | •                       | •               |
| Student Activity 11-3   | •                    | •                       | •               |
| Web Activity            | •                    | •                       | •               |
| Survey/Interview        | •                    | •                       |                 |
| Oral Presentation       | •                    | •                       |                 |
| Student Activity 11-4   | •                    | •                       | •               |
| Web Activity            | •                    | •                       | •               |
| Lesson Eleven Quiz 11-5 | •                    | •                       | •               |

# consumer awareness teaching notes

## deciding to buy

1. Wants versus needs
2. Smart-shopper strategies
  - What do you want?
  - What quality do you need?
  - How much can you spend?
  - Where will you shop?

discussion



overhead 11-A

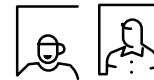
## going shopping

1. Why I make the choices I do
  - Values
  - Needs
  - Resources
  - Relative importance of various clothing goals
2. About quality
  - What it is
  - How to spot it
3. Smart-shopper strategies
  - Planning
  - Budgeting
  - Pros and cons of different stores
  - Emotional factors in purchasing
4. Comparative-shopping techniques (all items)
  - Price
  - Features
  - Benefits
  - Warranty and guarantees
  - Store policies
5. Examples of comparative-shopping charts
  - For electronic entertainment devices and home appliances
  - For clothing
  - The real price of a garment
6. Practice comparative shopping
  - Pick an item
  - Customize a comparative-shopping chart
  - Share the results (class presentations)

discussion



student activity 11-1



**www. web activity:**



Go to  
**www.consumerreports.org**  
to obtain consumer  
buying information.



overhead 11-B



overhead 11-C



overhead 11-D

CD-ROM: MMI



student activity 11-2



student activity 11-3



# consumer awareness teaching notes

## alternative types of buying

1. Buying clubs
  - What they are
  - Hidden costs
2. Shopping by phone, mail, or online
  - The mail-order rule
  - Fair Credit Billing Act
  - Precautions
  - Contact for resolving problems
3. Layaway purchase plans
  - How they work
  - How to avoid problems
4. The cooling-off rule (door-to-door sales)
  - What it is
  - Exceptions
  - How to cancel a sale
  - Seller's responsibilities if you cancel
  - What to do if you have a problem



overhead 11-E



overhead 11-F



overhead 11-G



overhead 11-H

## consumer scams

1. Telemarketing fraud
  - Examples (travel, telemarketing fraud, magazine telephone scams)
  - How scams work
  - How to protect yourself
  - What to do if you have problems
2. Common frauds
3. "900" numbers
  - What they are
  - What to watch out for
  - How to protect yourself
  - If you're caught in a "900" number scam
4. Contest cons
  - What they are
  - What to be aware of
  - What to do if you need help

discussion



overhead 11-I



overhead 11-J



overhead 11-K



overhead 11-L



overhead 11-M

# consumer awareness teaching notes

## consumer scams (continued)

5. Work-at-home schemes
  - Common schemes
  - Precautions against fraudulent schemes
6. Where to complain



overhead 11-N



overhead 11-O

## handling a consumer problem

1. Types of problems
  - Defective merchandise or service
  - Consumer scams
2. Steps to take (based on order of magnitude)
  - Collecting records
  - Filing a complaint with the seller
  - Contacting the company
  - Contacting an industry dispute program, the Better Business Bureau, or a local or state office
  - Contacting a trade association or federal agency
  - Filing a claim in a small-claims court or hiring a private lawyer
3. Examples
  - Student experiences
  - Experiences of friends or relatives
4. How to write a complaint letter
  - Where to write
  - What to write

discussion



overhead 11-P



**survey/interview:**

Talk to several people about how they have handled consumer complaints.



**survey/interview:**

Have students prepare a video or in-class presentation to show appropriate and inappropriate ways to handle consumer complaints.



overhead 11-Q

**student activity 11-4**



# consumer awareness teaching notes

## effective record keeping

1. Why keep records?
2. Type of records to keep
3. How to set up a personal record-keeping system

discussion



## sources of help

1. Private agencies
2. Federal agencies

discussion



**www. web activity:**



Go to **www.consumer.gov** for information from various federal agencies. Also, conduct a Web search of information available to assist with consumer problems.



## lesson eleven quiz

QUIZ



quiz 11-5



# lesson twelve

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## saving and investing



teacher's guide

*"A penny saved is a  
penny earned."*

- Benjamin Franklin





## **WWW. web sites for savings and investing**

The Internet is probably the most extensive and dynamic source of information in our society. The following Web sites can provide students and others with current information, assistance, and data related to this lesson. Web addresses ending in “.com” are commercial “.org” are nonprofit; and “.gov” are government.

|  |  |
|--|--|
| American Association of Individual Investors | <a href="http://www.aaii.org">www.aaii.org</a>   |
| American Saving Education Council            | <a href="http://www.asec.org">www.asec.org</a>   |
| American Stock Exchange                      | <a href="http://www.amex.com">www.amex.com</a>   |
| Annual Report Information                    | <a href="http://www.zpub.com">www.zpub.com</a>   |
| Basic Investment Information                 | <a href="http://www.investorama.com">www.investorama.com</a>   |
| Basic Stock Information                      | <a href="http://www.stockmaster.com">www.stockmaster.com</a>   |
| Bloomberg                                    | <a href="http://www.bloomberg.com">www.bloomberg.com</a>   |
| Bonds Online                                 | <a href="http://www.bonds-online.com">www.bonds-online.com</a>   |
| Chicago Board of Trade                       | <a href="http://www.cbot.com">www.cbot.com</a>   |
| Chicago Mercantile Exchange                  | <a href="http://www.cme.com">www.cme.com</a>   |
| Company Research Information                 | <a href="http://www.hoovers.com">www.hoovers.com</a>   |
| CNN Financial News                           | <a href="http://www.cnnfn.com/index.html">www.cnnfn.com/index.html</a>   |
| Current Rates for Savings Instruments        | <a href="http://www.bankrate.com">www.bankrate.com</a><br><a href="http://www.banx.com">www.banx.com</a><br><a href="http://www.usatoday.com/money/savebox.htm">www.usatoday.com/money/savebox.htm</a> |
| Current Value of U.S. Savings Bond           | <a href="http://www.ny.frb.org">www.ny.frb.org</a>   |
| Daily Rocket                                 | <a href="http://www.dailyrocket.com">www.dailyrocket.com</a>   |
| Federal Deposit Insurance Corporation        | <a href="http://www.fdic.gov">www.fdic.gov</a>   |
| FinanCenter                                  | <a href="http://www.financenter.com">www.financenter.com</a>   |
| Financial Calculators for Savings            | <a href="http://www.centura.com/formulas/calc.html">www.centura.com/formulas/calc.html</a>   |
| High-Tech Stock Investing                    | <a href="http://www.techstocks.com">www.techstocks.com</a>   |
| Investment Club Information                  | <a href="http://www.better-investing.org">www.better-investing.org</a>   |
| Morningstar Mutual Fund Service              | <a href="http://www.morningstar.net">www.morningstar.net</a>   |

# **saving and investing** web sites

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## **web sites for savings and investing (continued)**

|  |  |
|--|--|
| Money Line                               | <a href="http://www.moneyline.com">www.moneyline.com</a>   |
| Mutual Fund Information                  | <a href="http://www.networth.quicken.com/investments">www.networth.quicken.com/investments</a><br><a href="http://www.mfmag.com">www.mfmag.com</a>                             |
| NASDAQ                                   | <a href="http://www.nasdaq.com">www.nasdaq.com</a>   |
| National Association of Security Dealers | <a href="http://www.investor.nasd.com">www.investor.nasd.com</a>   |
| New York Stock Exchange                  | <a href="http://www.nyse.com">www.nyse.com</a>   |
| Pension Plans                            | <a href="http://www.webcom.com/retire">www.webcom.com/retire</a>   |
| Purchasing Government Notes & Bonds      | <a href="http://www.frbsf.org">www.frbsf.org</a>   |
| Quicken                                  | <a href="http://www.qfn.com">www.qfn.com</a>   |
| Roth IRA Information                     | <a href="http://www.rothira.com">www.rothira.com</a><br><a href="http://www.pensionplanners.com">www.pensionplanners.com</a><br><a href="http://www.401K.com">www.401K.com</a> |
| Securities & Exchange Commission         | <a href="http://www.sec.gov">www.sec.gov</a>   |
| Standard & Poor Personal Finance Site    | <a href="http://www.personalwealth.com">www.personalwealth.com</a>   |
| Stock Quotes and Related Data            | <a href="http://www.wsrn.com">www.wsrn.com</a><br><a href="http://www.quote.com">www.quote.com</a>   |
| U.S. Saving Bonds                        | <a href="http://www.publicdebt.treas.gov/sav/sav.htm">www.publicdebt.treas.gov/sav/sav.htm</a>   |
| Visa                                     | <a href="http://www.visa.com">www.visa.com</a><br><a href="http://www.rankit.com">www.rankit.com</a>   |

**Note:** Addresses and content of Web sites change, and new sites are created daily. Use search engines such as Yahoo, AltaVista, Infoseek, Lycos, or Hotbot to update and locate Web sites related to this topic.

# saving and investing lesson outline

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## overview

Saving just 35 cents a day will result in more than \$125 in a year. Small amounts saved and invested can easily grow into larger sums. However, a person must **START TO SAVE**.

This lesson provides students with a basic knowledge of saving and investing. The process starts with setting financial goals. Next, a commitment to saving is discussed.

Various savings plans are available to consumers. These include regular savings accounts, money market accounts, and certificates of deposit (CD). Then, students will analyze factors to consider when selecting a savings account. These include interest rates, fees, balance requirements, and deposit insurance.

Investing takes saving one step further in a person's financial plan. Bonds, stocks, mutual funds, real estate, and retirement accounts are covered in the next section of this lesson.

Finally, students are made aware of potential investment frauds. The variety of these swindles increases each year as con artists look for new opportunities to separate people from their money.

## goals

Introduce the advantages and disadvantages of common savings and investment vehicles, and show the short- and long-term effects of various savings and investment choices.

## lesson objectives

- List and prioritize some of your short- and long-term budget goals
- List and explain some of the advantages of saving money
- Understand the concept of “pay yourself first” and list some ways to encourage this habit
- List and explain the differences among the most common saving methods
- Understand the advantages and disadvantages of popular investment vehicles
- Understand what investment fraud is, and list some of the ways you can protect yourself against investment swindlers
- Compare and contrast the short- and long-term consequences of investment decisions

## overheads

**12-A** Pay Yourself First (A Little Can Add Up)

**12-B** Types of Savings Accounts

**12-C** Money-Market Deposit Accounts

**12-D** Certificates of Deposit (CDs)

**12-E** How Simple and Compound Interest are Calculated

**12-F** Choosing a Savings Account

**12-G** Truth in Savings Law

**12-H** The Rule of 72

# **saving and investing** lesson outline

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- 12-I** Bonds
- 12-J** Mutual Funds
- 12-K** Stocks
- 12-L** Real Estate
- 12-M** Retirement Plans
- 12-N** Individual Retirement Accounts (IRAs)—An Example of Return on Investment
- 12-O** Comparing Savings and Investment Plans
- 12-P** Avoiding Investment Fraud

## **activities**

- 12-1** Setting and Prioritizing Your Financial Goals
  - Have students complete the “Setting your financial goals” worksheet. If your students don’t have enough income to complete this exercise, give them a theoretical income to work with.
  - Ask students to share some of their goals with the class, including estimated cost, target date, and the amount they would need to save each week to meet their goal.
  - Discuss and reemphasize the importance of goal setting and planning.
  - Have students prioritize the goals they identified.
- 12-2** Calculating Interest
  - Have students complete the Calculating Interest worksheet.
  - Review the answers and, as needed, show the calculations on the board.
  - Reemphasize how the interest rate and the method of calculation can affect how much their money grows.
  - The CD-ROM has electronic calculators for students to use.
- 12-3** Selecting Mutual Funds
  - Review types of mutual funds.
  - Have students complete this exercise.
  - Ask students to explain their answers.
- 12-4** Test Your Knowledge of Savings and Investing
  - Have students complete this exercise.
  - Discuss their answers.
- 12-5** Lesson Twelve Quiz

**For more information, please refer to the Appendix.**

# saving and investing target audiences

## Learning Activities Appropriate to Varied Target Audiences for Lesson Twelve



| activity                | teenagers<br>(14-18) | young adults<br>(19-35) | adults<br>(36+) |
|-------------------------|----------------------|-------------------------|-----------------|
| Student Activity 12-1   | •                    | •                       | •               |
| Survey/Interview        | •                    | •                       | •               |
| Video Activity          | •                    |                         |                 |
| CD-ROM Activity         | •                    | •                       | •               |
| Student Activity 12-2   | •                    | •                       | •               |
| CD-ROM Activity         | •                    | •                       | •               |
| Field Activity          | •                    | •                       | •               |
| Web Activity            | •                    | •                       | •               |
| Student Activity 12-3   | •                    | •                       |                 |
| Student Activity 12-4   | •                    | •                       | •               |
| Oral Presentation       | •                    | •                       |                 |
| Web Activity            | •                    | •                       | •               |
| Lesson Twelve Quiz 12-5 | •                    | •                       | •               |

# saving and investing teaching notes

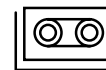
## set financial goals

1. Why save?
  - In case of an emergency
  - To have the option of taking advantage of unforeseen opportunities
  - To reach financial goals
2. Why set goals?
  - Give direction for making plans and taking actions
3. Set and prioritize your financial goals
  - The goal-setting process
  - Short-term goals (1–4 weeks)
  - Medium-term goals (2–12 months)
  - Long-range goals (1 year or longer)

discussion



student activity 12-1



video case study A

## pay yourself first

1. Why?
  - To make a habit of saving money to reach your financial goals
2. What it takes
  - Commitment
  - Discipline
  - Delayed gratification
3. Ways to do it
  - From each paycheck or allowance, deposit a set amount or percentage into your savings account before spending money on anything else.
  - At the end of the day, put all your change in a “savings” container. Once a month, deposit the money in a savings account.
  - Whenever you get unexpected money, put a portion of it into savings.
4. Remember
  - Amount saved isn’t as important as getting into the habit.

discussion



survey/interview:

Have students talk to several friends and relatives about the methods used to save and invest for various financial goals. For example, ask what types of savings accounts and investments are used.



overhead 12-A

CD-ROM budget worksheets




# saving and investing teaching notes

## savings accounts

1. Advantage
  - Simplest way to earn interest on small amount of money while keeping money readily accessible
2. Passbook and statement accounts
3. NOW account


discussion 


 overhead 12-B

## other saving methods

1. Money-market deposit account
2. Time deposits (certificates of deposit)

discussion 

 overhead 12-C

 overhead 12-D

## how to calculate interest

1. Simple
2. Compound
3. Exercise

discussion 

 overhead 12-E

activity 12-2




CD-ROM: interest calculation




## choosing a savings account

1. Factors to consider
  - Interest rate
  - Fees, charges, and penalties
  - Balance requirement
  - Balance calculation method
2. Truth in savings law

discussion 

 overhead 12-F

 overhead 12-G

# saving and investing teaching notes

## shopping for a savings account

1. Optional class activity
2. Class presentations of their findings and choices



### field activity:

Have students compare savings rates at various financial institutions. Also see: **[www.bankrate.com](http://www.bankrate.com)**



## about the rule of 72

1. What it is
  - A simple way to estimate how money can grow
  - Divide 72 by the interest rate to find how many years you need for your money to double.
  - Divide 72 by a number of years to determine the interest rate needed to double your money in that period of time.

### discussion



### overhead 12-H

## saving vs. investing

1. Difference
  - Degree of risk
  - Rate and stability of return
  - Availability of funds for use
  - Amount of protection against inflation

### discussion



Have students obtain information from sites such as:

**[www.financier.com](http://www.financier.com)**

**[www.fool.com](http://www.fool.com)**

**[www.qfn.com](http://www.qfn.com)**



# saving and investing teaching notes

## some common investment vehicles


For each, discuss what it is, how it works, and what its advantages are


1. Bonds
2. Mutual funds
3. Stocks
4. Real estate
5. Retirement plans
  - IRAs—an example of return on investment


discussion 


 overhead 12-I

 overhead 12-J

 overhead 12-K

 overhead 12-L


 overhead 12-M

 overhead 12-N

## comparing savings and investment vehicles

1. Review
  - Savings accounts
  - Bonds
  - Mutual funds
  - Stocks

discussion 

 overhead 12-O

student activity 12-3



## capital gains and losses

1. What they are
  - The profit or loss made on an investment

discussion 

# saving and investing teaching notes

## test your knowledge of saving and investing

1. Complete the exercise
2. Discuss the answers

## student activity 12-4



## about investment fraud and investment swindlers

1. What they are
2. How they work
3. Techniques they use
4. What you can do to protect yourself

## discussion



## supplemental materials



## overhead 12-P



## oral presentation:

Have students present in class or on video various investment situations. Discuss if these are legitimate or fraudulent investment opportunities.



## www. web activity:



Have students obtain investment fraud information at:  
**[www.ftc.gov](http://www.ftc.gov)**  
**[www.fraud.org](http://www.fraud.org)**  
**[www.nasaa.org](http://www.nasaa.org)**



## lesson twelve quiz



## quiz 12-5

# lesson thirteen

---

in trouble



teacher's guide

*"The best way out is*

*always through."*

- Robert Frost





## **WWW. web sites for financial difficulties**

The Internet is probably the most extensive and dynamic source of information in our society. The following Web sites can provide students and others with current information, assistance, and data related to this lesson. Web addresses ending in “.com” are commercial; “.org” are nonprofit; and “.gov” are government.

|   |  |
|---|--|
| Credit Law Information                  | <a href="http://www.ftc.com">www.ftc.com</a><br><a href="http://www.bog.frb.fed.us">www.bog.frb.fed.us</a><br><a href="http://www.pirg.org">www.pirg.org</a>   |
| Credit Reports Information              | <a href="http://www.equifax.com">www.equifax.com</a><br><a href="http://www.experian.com">www.experian.com</a><br><a href="http://www.tuc.com">www.tuc.com</a> |
| Debt Counselors of America              | <a href="http://www.dca.org">www.dca.org</a>   |
| National Foundation for Consumer Credit | <a href="http://www.nfcc.org">www.nfcc.org</a>   |
| Visa                                    | <a href="http://www.visa.com">www.visa.com</a><br><a href="http://www.rankit.com">www.rankit.com</a>   |

**Note:** Addresses and content of Web sites change, and new sites are created daily. Use search engines such as Yahoo, AltaVista, Infoseek, Lycos, or Hotbot to update and locate Web sites related to this topic.

# in trouble lesson outline

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## overview

“What should I do if I can’t pay my bills?”

“Where can I get assistance with money management counseling?”

The material in this lesson will help students become aware of the warning signs of financial difficulties. Most financial problems are a result of overspending, the misuse of credit, and unexpected emergencies.

When difficulties arise, students should first contact their creditors. Next, efforts should be made to revise spending patterns. In addition, assistance from a member of the National Foundation for Consumer Credit service agencies might be considered.

What if these actions do not help? In the next sections of the lesson, students will examine other actions that might be considered, such as debt consolidation loans and bankruptcy. Students should also be aware of fair debt-collection practices and wage garnishment.

## goals

Analyze the behaviors and circumstances that can lead to financial trouble and identify some of the options and actions available to a person in financial trouble.

## lesson objectives

- Describe some of the ways you can get in trouble using credit
- Explain the first steps to take if you can’t pay your bills on time
- Describe the debt management services provided by nonprofit credit-counseling centers
- List some of the promises made by “credit repair” companies
- Understand how to evaluate a “credit repair” company before deciding whether or not to use its services
- Understand the protections provided by the Fair Debt-Collection Practices Act
- List and understand the wage garnishment and repossession rights of creditors
- Understand the difference between straight bankruptcy and the wage-earner plan
- Understand the disadvantages of using bankruptcy as a solution to debt
- List the ten types of debt that are not affected by bankruptcy

## overheads

**13-A** Why Consumers Don’t Pay

**13-B** Warning Signs of Trouble

**13-C** First Steps to Take if You Can’t Pay Your Bills

**13-D** A Close Look at Your Budget

**13-E** Credit Counseling

- 13-F** Consolidating Your Debts
- 13-G** Fair Debt-Collection Practices
- 13-H** Wage Garnishment
- 13-I** Wage Assignment and Wage Attachment
- 13-J** Car Repossession
- 13-K** Wage-Earner Bankruptcy
- 13-L** Straight Bankruptcy

## activities

- 13-1** Test Your Knowledge of Trouble
  - Have students complete this exercise.
  - Discuss their answers.
- 13-2** Are They in Trouble?
  - Give each student a copy of the scenarios, which contain a budget, an income, and a list of unpaid bills and/or an unexpected crisis for each character.
  - Have students rework the budget and decide what other actions (if any) they should take to get the character out of financial trouble.
- 13-3** Lesson Thirteen Quiz

**For more information, please refer to the Appendix.**

# in trouble target audiences

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Learning Activities Appropriate to Varied Target Audiences for Lesson Thirteen





| activity                  | teenagers<br>(14-18) | young adults<br>(19-35) | adults<br>(36+) |
|---------------------------|----------------------|-------------------------|-----------------|
| Web Activity              |                      | ●                       | ●               |
| Web Activity              | ●                    | ●                       | ●               |
| Oral Presentation         | ●                    | ●                       |                 |
| Survey/Interview          | ●                    | ●                       | ●               |
| Activity 13-1             | ●                    | ●                       |                 |
| Activity 13-2             | ●                    | ●                       | ●               |
| Lesson Thirteen Quiz 13-3 | ●                    | ●                       | ●               |

## how you can get in trouble using credit

1. Why consumers don't pay
2. Warning signs of trouble
3. Scenarios of trouble
  - Overspending
  - Mismanaged budget
  - Increased cost of living
  - Unemployment
  - Illness or disability
  - Family emergencies

discussion 


 overhead 13-A


 overhead 13-B

## first steps to take if you can't pay your bills

1. Contact your creditors immediately
  - Call before you get behind
  - Ask for a voluntary plan for paying debts
  - Special problems of car loans
2. Cut living expenses (examples)
  - Decisions made during video
  - Personal budgets developed in class
3. How much credit can you handle
  - Review the 20-10 rule

discussion 


 overhead 13-C

 overhead 13-D

## credit counseling

1. National Foundation for Consumer Credit (NFCC)
  - Nonprofit financial counseling service
  - Arranges repayment plans that work for both debtor and creditor
  - Helps you set a realistic budget
  - Finding the office nearest to you
2. Cooperative Extension Service
  - County-based source of education and information on financial and consumer topics
  - Offers educational programs and/or direct guidance on budgeting and other financial management matters
  - Finding a local office

discussion 

 overhead 13-E

 **www. web activity:**

Have students contact **www.nfcc.org** for credit counseling information.




# in trouble teaching notes

## consolidating your debts

1. Loan consolidation
2. Credit repair companies
  - For-profit financial counseling service
  - Offers debt consolidation loans, debt counseling, debt reorganization plans
  - Can't erase a poor credit history
  - Investigate reputation and performance history before using

discussion



overhead 13-F



**www. web activity:**

Have students obtain information about the potential danger of "credit repair" services, using the Internet.



## about fair debt-collection practices

1. What debts are covered
2. What a debt collector does
3. How debt collectors can contact you
4. How you can stop a debt collector from contacting you
5. Who else a debt collector may contact
6. What a debt collector must tell you
7. Practices that are prohibited
  - Harassment
  - False statements
  - Unfair practices
8. What to do if you think a debt collector broke the law

discussion



overhead 13-G

**supplemental materials**



**oral presentation:**


Have students present in class or on video examples of legitimate and illegal debt collection practices.





## about wage garnishment

1. Wage garnishment
  - What it is
  - Under what circumstances it can be done
2. Wage assignment
  - What it is
  - Under what circumstances it can be done
3. Wage attachment
  - What it is
  - Under what circumstances it can be done
4. Car repossession
  - What it is
  - Under what circumstances it can be done
  - Creditor's rights
  - What you can still owe

discussion 

 overhead 13-H


 overhead 13-I


 overhead 13-J

## bankruptcy


1. Wage-earner bankruptcy (Lesson 13)
  - What it is
  - Who qualifies
  - How it works
  - Advantages
  - Disadvantages
2. Straight bankruptcy (Lesson 7)
  - What it is
  - Who qualifies
  - How it works
  - Advantages
  - Disadvantages

discussion 

 overhead 13-K

 **survey/interview:**  
Have students obtain opinions from several people regarding current bankruptcy laws.



 overhead 13-L

# in trouble teaching notes

## test your knowledge

- 1. Questions
- 2. Reworking troubled budgets

## student activity 13-1



## student activity 13-2



## lesson thirteen quiz



## quiz 13-3

# lesson fourteen

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about consumer privacy



teacher's guide

*"They (the makers of the  
Constitution) conferred,  
as against the Government,  
the right to be let alone —  
the most comprehensive of  
rights and the right most  
valued by civilized men"*

- Louis Dembitz Brandeis





## **WWW. web sites for consumer privacy**

The Internet is probably the most extensive and dynamic source of information in our society. The following Web sites can provide students and others with current information, assistance, and data related to this lesson. Web addresses ending in “.com” are commercial; “.org” are nonprofit; and “.gov” are government.

|  |  |
|--|--|
| Comparison of Costs & Features           | <a href="http://www.cardtrak.com">www.cardtrak.com</a>   |
| Credit Reports Information               | <a href="http://www.equifax.com">www.equifax.com</a><br><a href="http://www.experian.com">www.experian.com</a><br><a href="http://www.tuc.com">www.tuc.com</a>   |
| Current Loan & Credit Card Rates         | <a href="http://www.bankrate.com">www.bankrate.com</a><br><a href="http://www.banx.com">www.banx.com</a>   |
| Debt Counselors of America               | <a href="http://www.dca.org">www.dca.org</a>   |
| Direct Marketing Association             | <a href="http://www.the-dma.org">www.the-dma.org</a>   |
| National Center for Financial Education  | <a href="http://www.ncfe.org">www.ncfe.org</a>   |
| National Foundation for Consumer Credit  | <a href="http://www.nfcc.com">www.nfcc.com</a>   |
| National Institute of Consumer Education | <a href="http://www.nice.emich.edu">www.nice.emich.edu</a>   |
| Privacy Information                      | <a href="http://www.ftc.gov/privacy/index.html">www.ftc.gov/privacy/index.html</a><br><a href="http://www.pirg.org">www.pirg.org</a><br><a href="http://www.privacyinc.com">www.privacyinc.com</a><br><a href="http://www.privacyalliance.org">www.privacyalliance.org</a> |
| RAM Research Group                       | <a href="http://www.ramresearch.com">www.ramresearch.com</a>   |
| Visa                                     | <a href="http://www.visa.com">www.visa.com</a><br><a href="http://www.rankit.com">www.rankit.com</a>   |

**Note:** Addresses and content of Web sites change, and new sites are created daily. Use search engines such as Yahoo, AltaVista, Infoseek, Lycos, or Hotbot, to update and locate Web sites related to this topic.

# about consumer privacy lesson outline

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## overview

Each year, thousands of Americans are victims of “identity theft.” Their financial and personal records are invaded. A scam artist may apply for credit in the victim’s name. After a loan is obtained or credit card charges occur, the thief disappears, leaving a ruined credit rating that may take years to correct.

This lesson starts with a discussion of how public and private records are accessed and used by various organizations. A brief review of privacy laws follow.

Privacy related to various information sources is covered next. Direct mail, credit reports, telecommunications, and Social Security numbers are considered from the standpoint of what consumers can do to protect their privacy rights.

The final section of this lesson addresses privacy in the workplace. Students are cautioned about various issues related to their personnel files, electronic mail monitoring, and laws to protect their rights.

## goals

Provide consumers with a general overview and awareness of privacy issues that impact their lives.

## lesson objectives

- Define what is meant by privacy in the information age
- Explain the pros and cons of database profiles
- Understand federal laws that offer privacy protection
- Identify public and private sector sources of information
- Understand key privacy issues as they relate to information sources, insurance, employment, direct mail, credit reporting, telecommunications, electronic monitoring, and Social Security numbers
- Explain how to remove your name from mailing and telemarketing lists
- Explain how to obtain a credit report

## overheads

- 14-A** Privacy and Information
- 14-B** Types of Information Generally Available from Public Sources
- 14-C** Private Databases Available Only to Those with a Legitimate Purpose
- 14-D** Amending or Correcting Records
- 14-E** What’s in a Database Profile?
- 14-F** What the Law Says: Federal Privacy Protection
- 14-G** Protecting Your Privacy: Your Options as a Consumer

# about consumer privacy lesson outline

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**14-H** What's in a Credit Report

**14-I** Reviewing Your Credit Report

**14-J** Telecommunication Devices and Services

**14-K** Electronic Monitoring in the Workplace

## activities

**14-1** Test Your Privacy Knowledge

- Discuss the sources and uses of personal information and have students reflect on the advantages and disadvantages to them as consumers.

**14-2** What Would You Do?

- Have students apply their privacy knowledge and problem-solving skills to several common scenarios.

**14-3** How Much Is Known About You?

- Have students analyze a typical warranty card to determine the information that is disclosed and detect its possible uses.

**14-4** What Your Mail Can Tell You

- Help students bring this knowledge home by asking them to analyze their personal mail to determine what and how much is known about them, and how the information might have been obtained.

**14-5** Lesson Fourteen Quiz

**For more information, please refer to the Appendix.**

# about consumer privacy target audiences

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Learning Activities Appropriate to Varied Target Audiences for Lesson Fourteen



| activity                  | teenagers<br>(14-18) | young adults<br>(19-35) | adults<br>(36+) |
|---------------------------|----------------------|-------------------------|-----------------|
| Web Activity              | •                    | •                       |                 |
| Field Activity            | •                    | •                       |                 |
| Survey/Interview          |                      | •                       | •               |
| Web Activity              | •                    | •                       | •               |
| Student Activity 14-1     | •                    | •                       | •               |
| Web Activity              | •                    | •                       | •               |
| Field Activity            |                      | •                       | •               |
| Oral Presentation         | •                    | •                       |                 |
| Student Activity 14-2a    | •                    | •                       |                 |
| Student Activity 14-3a    | •                    | •                       |                 |
| Student Activity 14-4     | •                    | •                       |                 |
| Lesson Fourteen Quiz 14-5 | •                    | •                       | •               |

# about consumer privacy teaching notes

## defining privacy as it relates to information

1. Information privacy
2. Why information privacy is important in the information age
  - Much information about us and our activities as consumers is recorded and stored by computer systems.
  - Our computer files can be shared between public and private organizations. For example, the IRS can access financial data about you from your bank.
  - Computer data can travel and change hands in just a few seconds.
  - Because of these factors, accurate data is paramount.
3. Why information privacy is a sensitive issue
  - Information is a very valuable resource!
  - Access to information in our society today offers many benefits to consumers while at the same time posing a potential threat to our privacy.

discussion



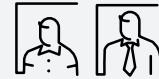
overhead 14-A



**www. web activity:**

Have students do Web research related to privacy at:

**[www.ftc.gov/privacy/index/html](http://www.ftc.gov/privacy/index/html)**



## where does the information come from?

1. Types of information generally available from public sources
  - What they are.
  - Certain public records are generally available; e.g., birth records, marriage licenses, divorce records, property ownership, motor vehicle records, and voter registration—all of which facilitate the transfer of important information to the public, news media, government, and businesses.
2. Private information available only to those with legitimate purposes
  - What they are.
  - Certain private records are available only to individuals or organizations with a legitimate use for them: employment information, credit reports, certain tax information (IRS/State Tax Board), criminal records, social service records (welfare, Medicaid, etc.), school records, and medical records.



overhead 14-B



overhead 14-C

# about consumer privacy teaching notes

## how can records be accessed?

1. Accessing public records
  - Freedom of Information Act, 1966 (FOIA) allows anyone access to most records of U.S. Executive Branch Agencies. Often, journalists use the FOIA to do research for articles or books—for example, a biography of Martin Luther King Jr. made extensive use of FBI records.
  - Privacy Act of 1974 permits American citizens and permanent residents to request, inspect, and challenge federal records on themselves.
  - Public records are available from local and county courts, Hall of Records, Department of Motor Vehicles, etc.
2. Accessing private records
  - Varies depending upon type of record and state: e.g., your hospital records can be obtained by you in some states but not in others.
3. Amending or correcting records
  - The Privacy Act requires each federal agency maintaining records to permit individuals to request amendment of his/her record. To amend or expunge a record you must contact the agency in question.
  - Private agencies—contact them to ensure accuracy.

discussion



overhead 14-D

## how is the information used?

1. Database profiles
  - What they typically contain.
2. How an organization's database profile can benefit consumers
  - Makes products and services more widely available to broader groups of consumers who might otherwise not receive them.
  - Receive direct mail that relates to your interests and from companies where you previously shopped.
  - Receive special discounts and promotional offers on products and services; e.g., telephone companies giving breaks on phone call to areas of the country where a consumer calls frequently.
3. How maintaining database profiles can benefit businesses
  - Makes marketing more efficient, helping to reduce consumer costs.



overhead 14-E

discussion



# about consumer privacy teaching notes

## how is the information used? (continued)

- Helps identify customers who might want specific products or services.
  - Provides information for a retailer or financial institution to extend credit.
  - Helps promote customer loyalty.
4. How information stored in a database profile can create possible problems for consumers
- You can be turned down for a loan, job, or apartment because of poor payment record.
  - You can be turned down for insurance because of poor driving history.
  - Information may be given, rented, or sold to other organizations without your knowledge or consent.
  - You may receive unwanted solicitations.
5. The privacy dilemma: Who should have access to your database profile?
- Is it right for state motor vehicle bureaus to sell names and addresses of individuals who have driver's licenses?
  - Is it proper for institutions such as hospitals to sell names and addresses of women who just gave birth on their premises for soliciting them for baby items?
  - Should credit agencies be permitted to sell your financial information?
  - What are the limits, and how do the rights of individuals get protected?

discussion



TO DO:



field activity:

Obtain examples of data collected from customers and citizens in our society. Discuss potential benefits and dangers of others having this data.



## what the law says

1. Federal privacy laws and regulations.
2. State laws and regulations:
  - Vary from state to state.
  - Many states have their own privacy laws concerning telemarketing, employment, the use of Social Security, credit card or checking account numbers, medical records, mailing lists, credit reports, debt collection, computerized communications, insurance records, and public data banks. Check with your state or local consumer protection agency about specific privacy rights or a referral to the appropriate agency.



overhead 14-F

# about consumer privacy teaching notes

## privacy and direct mail

1. How consumer information is obtained
  - Provided by the consumer directly to merchant or other business or organization. This is done through purchase transactions, by completing warranty and sweepstakes cards, from magazine subscriptions, from charitable contributions, and when you request catalogs.
  - Lists are often rented or bought from other organizations.
  - Some lists are created by specialized companies from public sources.
2. What is done with consumer information
  - Direct marketers identify potential buyer of products or services.
3. Protecting your privacy—your options as a consumer
  - “Opting out” of direct marketing programs allows consumer to remove or restrict personal information from being used for direct marketing programs.
  - In dealing with merchants, customers can decide not to give out demographic information not required to make a transaction.
  - Never give personal or financial information such as your credit card or checking account number or PIN over the phone unless you know the company or know how the information will be used.

discussion



**survey/interview:**

Have students talk to people who receive a lot of direct mail. Obtain information about their possible privacy concerns.



**overhead 14-G**

## credit reporting (see also lesson 7)

1. What's in a credit report?
2. Who keeps credit reports?
  - Credit bureaus: Experian, Trans Union, and other local bureaus affiliated with these major companies.
3. Who can review credit information?
  - Organizations or individuals with a “legitimate business purpose” as defined by the Fair Credit Reporting Act can receive the credit report information.
  - Normally includes credit grantors such as financial institutions, retailers, current or potential employers, insurance underwriters, and landlords.
  - The Fair Credit Reporting Act also gives you the right to review your own credit report.

# about consumer privacy teaching notes

## credit reporting (continued)

4. What else do credit bureaus do?
  - Create “prescreened” mailing lists of consumers whom financial institutions can contact with credit card offers.
  - Consumers can “opt out” of lists by contacting credit bureaus directly.
5. Why is your credit history important?
  - Your credit history can impact your ability later to get a job, an apartment, a loan, or a credit card (see also Lesson 13). Credit grantors, employers, and landlords want to know what kind of bill-paying habits you’ve had in the past.
6. What you can do:
  - Pay your bills on time as stated in your agreement.
  - Review your credit report, particularly before applying for a loan, job, or apartment.
  - Correct your credit record, if necessary, by contacting all three of the major credit bureaus.
  - Be sure your credit records are up to date and accurate.



overhead 14-H



### www. web activity:

Have students visit the following credit reporting services Web sites for information:

**www.experian.com**

**www.equifax.com**

**www.tuc.com**



overhead 14-I

discussion



### student activity 14-1



## privacy and telecommunications

1. Telecommunications devices and services
2. Value of telecommunications services
  - Can allow instantaneous communication between any two individuals in the world.
  - Tremendously useful for business, research activities, law enforcement effort, and personal communications, to name just a few.
3. The privacy dilemma:
  - Conversations on cellular and cordless phones may be vulnerable to eavesdropping, even though doing so may violate the law (the 1986 Electronic Communications Privacy Act).
  - Confidential faxes may be vulnerable to interception.



overhead 14-J

# about consumer privacy teaching notes

## privacy and telecommunications (continued)

- While some on-line computer network services offer some degree of privacy protection, others do not.
- Caller ID allows the phone you call to know your phone number.
- Automatic Number Identification (ANI) allows 800 or 900 numbers called to identify a caller's telephone number.

### 4. What the law says

- Electronic Communications Privacy Act (1986)
- Telephone Consumer Protection Act (1991)
- You have the right under Federal law
  - To tell a company to not solicit you at home by phone. The company must keep a list of these consumers and not contact them.
  - Not to get telephone solicitations at your home before 8 a.m. or after 9 p.m.
  - Not to receive unsolicited ads by fax.
  - To be disconnected from a prerecorded machine-delivered message within five seconds of hanging up.
- State laws
  - Some states do not allow telemarketers to call people who do not want to receive calls.
  - Contact your state attorney general or local consumer protection agency.

### 5. What you can do to make it more difficult to exchange information on you

- Use encryption devices or services on cellular phones.
- See if your phone company has a blocking mechanism for Caller ID or ANI.
- Contact the Direct Marketing Association Telephone Preference Service to remove your name or control the way organizations can use your telephone number.
- Tell any company that calls you that you don't want to receive future telemarketing calls, if that is your choice. Keep a list. If that company phones you again, report them to your state attorney general or local consumer protection agency.

#### **www. web activity:**

Have students go to the privacy information page of the Federal Trade Commission Web site:  
**www.ftc.gov**



## privacy and your social security number

1. What is a Social Security number?
  - Now commonly used as a personal identifier (although technically it is not, as some people have more than one Social Security number while others share the same number).
  - You can obtain a number at no charge. Everyone should have one.
2. What is it used for?
  - Originally used to number personal accounts for the collection of taxes and payment of benefits in the Social Security program.
  - Now also used for record-keeping purposes by many types of institutions including financial institutions, universities, voter registration records, credit bureaus, employers, and government agencies.
  - Often is used in relationship to bank accounts, credit reports, driver's license, tax records, credit card accounts, telephone company account, membership in professional clubs, associations, and as a college ID number.
3. The privacy dilemma:
  - The use of a Social Security number makes it easier to exchange, compare, and combine information among various record systems, providing greater accuracy but making it vulnerable to misuse.
4. What you can do:
  - Do not write Social Security numbers on personal checks.
  - Do not use as a password or PIN number for ATM, building security code, or other sensitive uses.
  - Do not provide your Social Security number unless required by requester such as your employer, bank, etc.

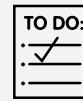
discussion



# about consumer privacy teaching notes

## privacy and the workplace

1. Personnel files
  - There are no federal statutes comprehensively regulating employee access to personnel files.
  - Access to personnel files varies depending upon company policies and applicable state law.
  - Before accepting a job it is a good idea to check with the employer on its policies regarding personnel files.
  - Many companies subscribe to guidelines issued by the Privacy Protection Study Commission (1977) regarding access to records, corrections of records, and internal disclosure of documents.
2. Electronic monitoring
  - Improves and ensures good customer service.
  - Increases productivity.
  - Protects trade secrets.
  - Reduces employee theft and drug abuse.
3. The privacy dilemma: How can business needs of the company and privacy needs of the individual be met?
  - Should employers have the right to monitor employee customer service phone calls to ensure that customers are receiving the proper level of service and ensure that employer's standards are being met?
  - Is it an invasion of privacy to conduct drug screening of job applicant?
  - What are the limits and how do the rights of individuals get protected?
4. What the law says
  - Under the Federal Wire Tap Act an employer may monitor employee telephone calls with consent or if the employee communicates by phone with customers in the ordinary course of business.
  - Most states have similar or even more restrictive laws.
5. Electronic monitoring activities vary from company to company



### field activity:

Have students talk to human resource workers about the procedures used to protect the privacy of employees.



### overhead 14-K



### oral presentation:

Have students develop an in-class presentation or video with examples of valid and illegal employee monitoring in the workplace.

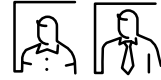


# about consumer privacy teaching notes

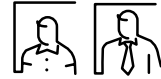
## privacy and the workplace (continued)

6. What you can do
- Check with your employer about monitoring policies, if any.
  - If you work as a customer service representative or in another position where your business calls are monitored, wait for breaks and use telephones that are available to make personal calls. Ask if you can be advised when calls might be monitored.

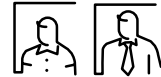
### student activity 14-2a



### student activity 14-3a



### student activity 14-4



## lesson fourteen quiz



### quiz 14-5



